

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF LE MARS, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**

Prepared by the
Finance Department
Bill Cole, Finance Director
CITY OF LE MARS, IOWA

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FOR THE YEAR ENDED JUNE 30, 2005
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* * * *

December 29, 2005

Honorable Mayor, Members of City Council
and Citizens of the City of Le Mars, Iowa

The Comprehensive Annual Financial Report of the City of Le Mars, Iowa for the fiscal year ended June 30, 2005 is hereby submitted in accordance with the provisions of Section 384.22 of the Code of Iowa. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a full understanding of the significant aspects of the City's financial affairs have been included.

The financial statements and schedules included in this report reflect all the funds and of the City in accordance with standards set by the Governmental Accounting Standards Board. This is the third year of GASB Statement 34. This statement significantly changed governmental financial reporting in order to bring it closer to a private sector model.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial Statistical and Single Audit.

- 1) The Introductory Section includes this transmittal letter, the City's organizational chart, list of principal officials and overview of the City's economic condition and major initiatives.
- 2) The Financial Section includes the audited financial statements and schedules of the City, as well as the auditors' report on the financial statements and schedules. They are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The combined statements in this section present an overview of the City's entire financial operations.
- 3) The Statistical Section includes selected financial and demographic information. The selected data is generally presented on a multi-year basis.
- 4) The government is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Nonprofit Organizations. Information related to this single audit, including Schedule of Federal Award Expenditures, Findings and Recommendations, and the auditor's reports on internal control and compliance with applicable laws and regulations are included in the single audit section of this report.

THE REPORTING ENTITY AND ITS SERVICES

The City provides a wide range of services including police and fire protection, library, recreation, convention center, solid waste, ambulance, golf course, parks and swimming pool, street maintenance, water, waste water collection and treatment services, airport facilities planning and zoning, economic development and administrative services.

This report includes all of the funds and account groups of the City, as well as all activities considered to be part of the City based on an evaluation of characteristics and criteria outlined in the *Governmental Accounting Standards Board Statement 14*. These include the Floyd Valley Municipal Hospital.

ECONOMIC CONDITION AND OUTLOOK

During fiscal year 2005, the City continued to work very hard in creating a positive approach to aggressive growth and development.

Building permit activity for fiscal year 2005 increased by approximately 200% over fiscal year (FY) 2004 from \$17,919,408 in FY 2004 to \$33,068,044 in FY 2005. The spread of these FY' 05 dollars was 26.15% to residential; 72.64% to commercial and industrial; and the remaining 1.21% to a miscellaneous component which included signs, garages, etc.

Commercial Construction included \$5.3 million for Wastewater Treatment Plant, \$500,000 Le Mars Public Storage, \$5.1 million for BoDeans, \$700,000 Grace Lutheran Church, and \$10.6 million for Wells' Dairy 2005 SPE, LLC.

Continued progressive growth in the Le Mars community had a positive effect on the City's unemployment percentage and tax base. As a result of extremely low unemployment rates in numerous categories, employers in and around Le Mars continue to draw heavily from the area surrounding the Le Mars/Plymouth County area. This draw area includes the tri-state area of Western Iowa, Southeastern South Dakota and Northeastern Nebraska.

According to the U.S. Census Bureau in a report published by the State Library of Iowa, the City's population increased from 8454 in the 1990 census to 9237 in the 2000 census.

MAJOR INITIATIVES

The City continued its efforts during Fiscal Year 2005 to implement several of the major initiatives which are identified below:

- Improve the industrial park and construct the business park
- Assist and facilitate industrial and business developments
- Implement Community Betterment Program Projects
- Market Le Mars as a tourism destination
- Fully develop the convention center
- Make significant improvements to the Wastewater Treatment Plant
- Construct a new Water Treatment Plant for iron and manganese removal
- Construct two (2) new water supply wells
- Continue higher education opportunities through Buena Vista University and Western Iowa Technical Community College
- Work with IDOT on the Highway 60/75 bypass
- Work with Plymouth County on bypass corridor land use and urban renewal area

- Event Center
- Study the Municipal Airport for runway extensions
- Construct storm sewer and drainage improvements
- Continue operations of the Weidler Community Service Center
- Develop two (2) new parks – Westmar Memorial Park and Veterans Memorial Park

Finally, the City continued programs in each of its various departments for improvement and repair of its major infrastructure, including streets, storm and sanitary sewers, water mains, buildings, parks, cemeteries, and recreation facilities.

PROJECT DETAIL TO ACCOMPLISH INITIATIVES

Retain Wells' Dairy, Inc. Corporate Headquarters In/Near Le Mars

Beginning in the first half of FY 2005 with the announcement of Wells' Dairy, Inc. to consolidate seven (7) management divisions operating in seven (7) separate locations throughout Le Mars into one (1) Corporate Headquarters Complex, the City worked tirelessly to retain Wells' Dairy's headquarters in or near Le Mars. The effort quickly expanded to include every aspect effecting Wells' Dairy's decision and involved many partners in a collaborated proposal which was ultimately accepted by Wells' Dairy in the second half of FY 2005. The partners to this effort included the following:

- City of Le Mars
- Plymouth County
- Le Mars Business Initiative Corporation
- Governor's Office, State of Iowa
- Various State of Iowa Departments (IDOT, IDED)
- Legislative Branch, State of Iowa
- Utility Providers (City Water & Sewer, MidAmerican Electric & Gas, NW REC Electric, and several communication service providers)
- Legal and Fiscal Providers

Implementing Wells' Dairy, Inc. decision to construct their headquarters in Le Mars started in FY '05 and will be carried over at least one (1) additional fiscal year (FY '06).

Create a Balanced Budget, FY 2006

Creating a balanced budget for FY 2006 was accomplished through the assistance of all the City's Department Heads, Park Board, and City Council and through the use of several additional revenue sources obtained in previous fiscal years, including:

- 1) Local Option Sales and Use Tax which provided \$587,321 toward the following projects:

<u>Project</u>	<u>Amount</u>
Gehlen Concession (Riverview)	\$ 26,000
Senior Center – Chairs	\$ 500
Plymouth County Museum – Heating Units	\$ 14,098
Fair Board – Lighting	\$ 10,000
Veterans Park (Subject to Match)	\$100,000

Municipal Band	\$ 5,000
Fire Station #2	\$ 70,350
Sportsman Facility (CAT)	\$ 25,800
Economic Development (3 Yr. @ \$100,000)	\$300,000
Facade Program	\$ 25,000
Ice Cream Logo Banners	\$ 9,000
Golf Course Amendment (CAT)	\$ 11,340
Slide & Gym Floor (7 Yr. @ \$22,664)	\$158,648
Golf Course Furnishings (CAT)	\$ 17,459
Quality Golf Furnishings (CAT)	\$ 50,000
LL West Floyd Building	\$ 5,000
Siouxland Youth For Christ – Sound System	\$ 6,110
Westmar Campus Signage	\$ 15,000
Ambulance – Chair & Cot	\$ 4,000
Administration	\$ 70,000

2) Hotel/Motel Sales Tax which provided \$98,200 toward the following projects:

<u>Project</u>	<u>Amount</u>	<u>Project</u>	<u>Amount</u>
Chamber – Movie Night	\$ 3,000	Veterans Park – Phase II	\$ 4,300
Gehlen J Club	\$ 4,000	City Conv Center – Blinds	\$ 2,945
LCHS Basketball Tournament	\$ 1,500	City Conv Ctr – Mic and Proj	\$ 2,155
Utesch Lighted Parade	\$ 1,200	Museum – Welcome Room	\$ 3,000
Chamber – Farmers Market	\$ 1,000	Pioneer Village-Xmas Project	\$ 2,000
Chamber – TV Marketing	\$25,000	Mun Band–Summer Concert	\$ 4,000
Chamber – Ice Cream Days	\$15,000	Main St. Presents Program	\$ 4,000
Ply Co Fair Board – Lighting	\$13,000	Administration	\$10,000
LCHS Alumni – Newsletter	\$ 2,100		

3) Community Betterment Program fund raising and grant writing, which will ultimately provide the following sources and use of funds:

<u>Project Description</u>	<u>Total Uses</u>
Use of Funds:	
Skateboard Park (complete)	\$ 44,163
Outdoor Pool (complete)	\$ 829,219
Golf Course – New Nine Holes	\$ 950,000
Golf Course – Club House	\$1,350,000
Recreation Trail – 3.5 Miles (Phase II)	\$ 650,000
Community Wellness Center:	
Indoor Pool	\$ 690,000
Therapeutic Pool	\$ 169,000
Walking Track & Facility	\$ 700,000
Athletic Equipment	\$ 75,000
Parking Lot	\$ 258,556
Admin/Fund Raising Costs	\$ 50,491
Bonding Costs & Interest	\$ 318,465
Recreation Trail – 2 Miles (Phase III)	\$ 425,000
Golf Course Amenities	\$ 66,500
Sportsman Relocation	\$ 124,000

Wings RC – Relocation	\$ 50,000
Total Needed	<u>\$6,750,394</u>

Source of Funds:

CBP Funds – Private Contributions	\$3,478,370
CBP Funds – City LOST Funds	\$ 500,000
CBP Funds – City Park Board	\$ 185,000
CBP Funds – Federal Land Grant	\$ 100,000
CBP Funds – REAP Grant	\$ 100,000
CBP Funds – Living Roadway Grant	\$ 15,000
CBP Funds – Tree Grant	\$ 3,000
CBP Funds – Interest Earned	\$ 13,824
Plymouth County Donation	\$ 10,000
City/County Joint TIF Funds	\$ 272,500
City Park Board FY '04 Budget	\$ 27,000
City Park Board FY '05 Budget	\$ 70,000
City Park Board – Cart Path Fund	\$ 15,050
Sportsman Club Donation	\$ 45,000
City In-Kind Work	\$ 419,000

Applied For Funding:

FY '06 LOST – Indoor Pool – Slide	\$ 140,000
FY '06 LOST – Sportsman Club	\$ 25,800
FY '06 LOST – Golf Amenities	\$ 11,500
FY '06 LOST – Golf Furniture	\$ 21,000
FY '06 LOST – CWC (Gym Floor)	\$ 18,000
Demco Foundation Grant	\$ 25,000
CAT Grant	<u>\$1,255,350</u>
Project Funds Available	<u>\$6,750,394</u>

4) Federal, State and Private Foundation Grant/Loan Programs have been utilized for a number of years and continue to be used to generate significant additional revenues to fund a variety of specialized capital improvements, including:

• IDNR – REAP Grant	\$ 100,000
• IDOT – Iowa Living Roadway Grant	\$ 15,000
• MidAmerican Energy – Tree Grant	\$ 3,000
• Vision Iowa – CAT Grant	\$ 650,000
• RBOG – Planning Grant	\$ 41,400
• IDOT – R.I.S.E. Grant	\$1,937,000
• FHWA/IDOT – STP Grants	
○ Plymouth Street Streetscape	\$ 117,000
○ 7 th Avenue S.E. (K-49)	\$ 150,000
○ 12 th Street S.W.	\$ 220,000
○ Central Avenue & 4 th Street S.	\$ 150,000
○ 4 th Street S.E.	\$ 240,000
○ 4 th Street S.W.	\$ 230,000
• IDNR – Wastewater SRF Loan	\$8,000,000
• IDNR – Water SRF Loan	\$6,900,000

- 5) Tax Increment financing (T.I.F.) from establishment of Urban Renewal Areas which provided the following summary of T.I.F. revenue:

Urban Renewal Area	Actual FY 01	Actual FY 02	Actual FY 03	Actual FY 04	Actual FY 05	FY 06
LMURA	\$211,000	\$414,886	\$829,328	\$1,155,823	\$1,615,825	\$1,973,000
WUURA	188,939	209,607	72,523	113,478	156,429	187,000
HURA	48,262	50,140	60,869	63,694	66,840	70,000
TOTALS	<u>\$448,201</u>	<u>\$674,633</u>	<u>\$962,720</u>	<u>\$1,332,995</u>	<u>\$1,839,094</u>	<u>\$2,230,000</u>

(Note: The significant increase in LMURA is due to several Iowa Jobs Training Program TIF Issues retiring in FY 03.)

Wastewater Treatment Plant Improvements

The City continued to focus on wastewater treatment during FY '05 by effectively finalizing the remaining improvement phases outlined in the November, 2001 engineering study, namely:

- 1) Fully completed \$850,000 of renovations and upgrades needed in initial part of Phase I of said study regarding the activated sludge process through design by Mc Clure Engineering and construction by Grundman Hicks Construction Co.
- 2) Fully completed (100%) \$2,720,201 of the improvements listed under the remaining portion of Phase I of said study regarding three major work areas of: 1) biosolids pumping, transport pipeline and 6,000,000 gallon storage lagoon; 2) flow equalization basin upgrade with complete aeration system; 3) side stream separation through construction of five independent lift stations, through design by Bolton & Menk and construction by Lessard Contracting, Inc.
- 3) Designed and bid \$5,284,745 of needed improvements for Phase II of said study regarding seven major work areas of: 1) new main electrical and SCADA control systems; 2) rebuild the gas covers and gas handling systems within the three anaerobic digester tanks; 3) new biosolids boiler system; 4) new standby emergency power generator; 5) replace biosolids draw-off handling system; 6) safety improvements; 7) update building components, through design by Bolton & Menk and bid award to Christiansen Construction Co., Inc.

The City's ability to provide treatment of sewage at the present location was solidified with the purchase of two (2) tracts of land in FY '03: 1) 43 acres surrounding the wastewater treatment plant for these and future expansions; and, 2) 120 acres for biosolid storage lagoon and biosolid application.

Water Quality and Supply

The City's emphasis on water quality became reality one month into FY '04 when construction began on the City's first Water Treatment Plant which will be capable of iron and manganese removal of 6,000,000 gallons per day. Design was provided by Mc Clure Engineering and construction by Grundman Hicks with a bid of \$4,905,200. Construction completion is expected in mid FY '06.

Water supply relocation was necessitated by the new water treatment plant located at the south well field. All supply wells would be needed from the south source; therefore, the City initiated a project to construct two (2) new water supply wells into the south well field which would replace

existing Well Nos. 4 and 8 with New Well No. 11 and 12. Design was provided by Layne GeoSciences (aka Chatman and Associates) and Mc Clure Engineering. Bidding was accomplished in FY '04 as well with project awarded to the following three contractors at a cost of \$1,438,465:

- 1) Well construction and development by Layne Western
- 2) Raw Transmission Pipeline by Lessard Contracting
- 3) Electrical and Controls by Automatic Systems

Plymouth Street Streetscape

Although a very important enhancement for downtown Le Mars, this project was rescheduled for FY '06.

Community Betterment Program (CBP)

The first of the original CBP projects to be constructed was the Le Mars Municipal Swimming Pool Renovation and Expansion Project which started early in FY '03 and was substantially completed in late FY '03. However, minor punch list items of work had to be scheduled in FY '04 and FY '05 when the pool was not in operation. Pool design was provided by Pool Technologies and construction was accomplished by Brown Construction at a total project cost of \$829,219.

The second CBP project was the Skate Board Park which was accomplished fully in FY '03.

The third CBP project to be started was the access and parking needed for the combination Community Wellness Center and Le Mars Convention Center. The project consisted of extended 3rd Avenue SE from 11th Street South to 12th Street South on the east side of the Convention Center and the addition of 170 new parking stalls to the south of both facilities. This project started in the first half of FY '04 and was completed late in the second half of FY '04 at a total cost of \$258,556.

Also decided in the second half of FY '04 was the agreement with the Le Mars Area Family YMCA for CBP funds to be utilized to reimburse the YMCA for the purchase of \$75,000 of exercise equipment to be housed within the Community Wellness Center.

The fourth CBP project initiated in FY '04 was the new nine holes of golf course to be added to the existing eighteen holes. Design was completed by a joint effort between City Staff, City Golf Manager and two local golf professionals (Todd Sapp and Al Pottebaum) and was bid in the second half of FY '04 at an earthwork cost of \$95,000 plus \$16,000 force account work with Northwest Iowa Community College.

A CAT/Vision Iowa Grant application of \$1,255,000 was submitted to the State of Iowa for the remaining original CBP projects, however, was awarded at \$650,000.

Le Mars Business Park Infrastructure

The Le Mars Business Park earthwork and grading became reality in FY '05.

Design was provided by City Staff and Professional Surveying Services, Inc. and construction by Northwest Iowa Community College.

In addition, City Staff designed and bid storm sewer and pavement infrastructure for Holton Drive North with the \$250,040 construction contract provided by Russell's Ready Mix, Inc.

City Involvement in Private Developments

- Judge Bradley's Addition – Water Extension
- Schuster Properties, Inc. – Sewer/Water/Street Extensions
- BoDeans Baking Co. – Earthwork Assistance
- Wells' Dairy Corporate Campus – LBIC Assistance
- Blue Bunny Drive – Sewer/Water/ Street Extensions
- North Greenview Estates – All Infrastructure

FY 2004 Carry Over Capital Projects

Several capital projects initiated in FY '04 and subsequently carried over into FY '05 were fully completed.

Additional Initiatives:

City efforts continued in a number of additional areas of community involvement, including:

- Little League parking and access
- Gehlen Ball Fields concession building
- SIMPCO Contracts (i.e., 2005 Comprehensive Plan; 2005 Housing Study; Grant Writing Contract)
- Floyd Valley Hospital – New Addition
- Space Needs Analysis within police, fire, public works, street, public facilities departments
- 76 acres of additional land to relocate shooting range, crushing, chipping, three future supply wells and industrial growth
- EPA Coal Tar Site Clean-Up at Street Department
- IDNR Administrative Order, Wastewater and Storm Water
- IDNR unit based pricing Ordinances and standardized container system
- IDNR storm water permitting, planning, pollution prevention systems
- Performance Based Appraisals and Measurable Management concepts
- Main Street Program
- Railroad Crossing Negotiations (24th Street SW)
- City Farm Land Management
- Rural Water Territory Negotiations

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls - In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Cash Management - Cash temporarily idle in all funds at the end of fiscal year 2005 was invested in various types of investment instruments. On June 30, 2005 the City's (including Floyd Valley Hospital) cash resources were invested in Certificates of Deposits, Money Market Accounts, and External Investment Pools.

Risk Management - During fiscal year 2005 the City continued to be insured for property and liability losses by the Iowa Community Assurance Pool (ICAP). Also the City continued to participate in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

Management Discussion and Analysis - The Management Discussion and Analysis provides a detailed analysis of the changes in the City's financial position. One item of particular interest is the change in reporting model to a one bottom line number approach which is close to that of the private sector. Following this approach, Exhibit 2 shows an increase in net assets of \$1.6 million. While this number is startling it must be remembered that nearly all of this increase is due to an excess capital improvement spending over depreciation on existing assets. This \$1.6 million cannot be used to reduce next year's taxes.

OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Williams & Company, P.C. was selected by the City Council. The auditors' report on the basic financial statements, combining and individual fund statements and schedules is included in the financial section of this report.

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in the Financial Reporting to the City of Le Mars for its comprehensive annual financial report (CAFR) for the year ended June 30, 2004. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

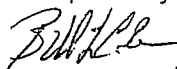
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

Certificate of Achievement is valid for a period of one year only. The City of Le Mars has received a Certificate of Achievement for several years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements - The preparation of the comprehensive annual financial report is a result of much work by many people. The entire City staff is to be commended for their dedication, cooperation and efforts in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible.

Respectfully submitted,

 *Bill H. Le*, Finance Director

City of Le Mars
Department of Finance

 *Beverly Langel*, City Clerk

City of Le Mars
Administration

City Council

Scott Langel
City Administrator

Administrative Assistance

Christy Collins

Joe Flannery

Legal Assistance

Bill Cole

Scott Langel										Scott Langel										Bill Cole									
Community Development					Public Works Administration					Public Works Administration					Business Administration														
City Engineer					Public Works Director					Finance Director																			
Engineering	Capital Programs	Community Progress	Public Works Supervisor (Charlie Eufers)			Water Supt.	Wastewater Supt.	Airport Supt.	Budget & Finance	Business Mgmt.	Community Protection	Community Services	Additional Services																
1 Scott Langel 2 John Meis	1 Scott Langel 2 John Meis	1 John Meis 2 Wayne Schipper	Public Works	Streets	Public Facilities	Solid Waste	1 Jim Conley 2 Gayle Sitzmann	Earl Draayer	* Bill Cole * Bev Langel	* Bill Cole * Bev Langel	* Stuart Dekkenga * Wayne Schipper * Bill Rosacker/ Byron Buhrus	* Bill Cole * Donna Ruhland * Beth Hansen	* Bill Cole * Contract Operations																
Engineering Design Plans Specs. Cost Est. Bid Letting Contracts	5-Year Plans All Departments	Planning Zoning Variances Bldg. Permits Inspections Bldg. Code + Enforcement	Management + Supervision	Streets O & M	Public Bldgs. O & M	Management + Supervision	Treatment Plant	Airport Manager	Budget Accounting Billing Payroll Acct. Rec. Acct. Pay.	Office Manager Human Relations Bargaining Unit	Police Animal Control Code Enforcement (ordinance)	Recreation Pool Parks	SYFC also "Tenants"																
Const. Admin. Const. Inspection Const. Staking	Const. Admin. Const. Inspection Const. Staking	Bldg. Code + Enforcement	Streets	Alley O & M	Public Lands O & M	Van's Sanitation Residential Collection	Management Operations Maintenance Testing	Hangar Leasing Contract Operations	Monthly Finances Annual Audit	Public Relations Purchasing Agent	Fire Township Fire Code Emergency Preparedness	Le Mars Convention Cultural Programs Senior Programs	Postal Play. Arts Council Museum Municipal Band																
Community Builders Plan	All C.I.P. Annually + Long Term	Economic Development Grant App's Annexations Subdivisions Real Estate: Acquisitions Disposal Mgmt.	Re-Const. Resurfacing Removals Replacements Coordinate With All Departments Annual C.I.P.	Traffic Signage Traffic Signals Equipment O & M (Mechanic) Annual C.I.P.	Recreation Trail Tennis Courts Ball Fields Playground Equipment Annual C.I.P.	Broken PCC/ACC Crushing Site Tree Removal & Disposal Annual Leaf Collection Annual C.I.P.	Laboratory Testing Collection System Lift Stations (5 Each) Gravity Mains Force Mains Manholes Annual Cleaning Annual Televising Emergency Clearing Annual C.I.P.	Charter Service Fueling Maintenance A.L.P. Annual C.I.P. Grant App's	Grant Admin. Monthly Finances Annual Audit Bonding T.I.F. Management L.O.S.T. Management	Grant App's	Rescue Ambulance Grant App's Annual C.I.P.	Taxi Communications Data/Internet Library Golf Annual C.I.P. Grant App's Boards: Park Library	SRTS L.M.C. Doug Schultz Golf Course																
R.F.P.'s + Consultant Contracts																													
Grant Applications																													
Boards: P & Z Comm. Park P.C.S.W.A. LBIC L.M.C.																													

CITY OF LE MARS, IOWA

List of Principal Officials
June 30, 2005

Title	Name
Mayor.....	Virgil Van Beek
Council Member and Mayor Pro-Tem.....	Rex Knapp
Council Member.....	John Leonard
Council Member.....	Mark Miller
Council Member.....	Kenneth Nelson
Council Member.....	John Rexwinkel
City Clerk/Treasurer.....	Beverly Langel
Finance Director.....	Bill Cole
City Attorney.....	Joseph Flannery
City Administrator/Public Works Director/City Engineer.....	Scott Langel
Assistant City Engineer/Code Enforcement Officer.....	John Meis
Chief of Police.....	Stuart Dekkenga
Fire Chief/Building Inspector.....	Wayne Schipper
Wastewater Superintendent.....	Ron Kayser
Assistant Wastewater Superintendent.....	Alan Mc Dermott
	William Morgan
Water Superintendent.....	Jim Conley
Assistant Water Superintendent.....	Gayle Sitzmann
Ambulance Co-Directors.....	Byron Bulthuis
	Bill Rosacker
Golf Course Manager.....	Doug Schultz
Library Director.....	Elizabeth Hansen
Airport Manager.....	Earl Draayer
Public Works Supervisor.....	Charlie Eufers
Assistant Public Works Supervisor.....	Dan Crowley
Street Supervisor.....	Steve Hansen
Community Wellness Center Facilities Director/Convention Center Manager.....	Donna Ruhland

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Le Mars,
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Le Mars, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council
City of Le Mars, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Le Mars, Iowa, (the City) as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We did not audit the financial statements of Floyd Valley Municipal Hospital (a discretely presented component unit), which statements reflect total assets of \$22,984,396 as of June 30, 2005, and total operating revenues of \$17,479,688 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Floyd Valley Municipal Hospital, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the city as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which

consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2005 on our consideration of the City of Le Mars' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Le Mars, Iowa. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying combining non-major fund financial statements, and the Schedule of Expenditures of Federal Awards which is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company P.C.
Certified Public Accountants

Le Mars, Iowa
September 23, 2005

Management Discussion and Analysis

June 30, 2005

This discussion and analysis of the City of Le Mars financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2005. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report, as well as the separately issued financial statements of Floyd Valley Hospital, a discretely presented component unit of the City.

Financial Highlights:

- The assets of the City of Le Mars exceeded liabilities at June 30, 2005, by \$32,255,119. Of this amount, \$3,589,732 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$1,606,977 during the year. Of this amount, the assets of our Governmental Activities increased \$268,242 and the assets of our Business Activities increased \$1,338,735.
- The largest factor in the increase in fund balance was the amount by which capital outlays exceeded depreciation in the current period. In fiscal year 2005, that excess was \$1,005,179.
- The City's General Obligation debt decreased by \$3,875,000 during FY'05, making the General Obligation debt \$9,055,000 at year end. This decrease is a result of retiring \$2.9 million of the 1996 notes that were callable June 1, 2005 and the annual amortization of the debt. The City Revenue Bond debt increased by \$7,978,670 during FY '05, making the Revenue Bond debt \$14,620,026 at year end. This increase is a result of the increased SRF debt for the new Water Treatment Plant and the Wastewater Treatment Plant improvements along with a decrease for the annual amortization of the debt.
- The City drew down \$3,575,758 from Water Revenue Bonds (SRF) and \$5,154,501 from Sewer Revenue Bonds (SRF).

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is *"Is the City of Le Mars in a better financial position at the end of this fiscal year, compared to last year?"* The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answers this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time,

increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works and Parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, Solid Waste and Golf Course funds.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

THE CITY AS A WHOLE

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparison chart show the changes in net assets for the years ended June 30, 2005 and 2004.

	General Governmental Activities	
	2005	2004
Current and Other Assets	\$ 8,604,709	\$12,264,207
Capital Assets	<u>20,416,529</u>	<u>19,539,666</u>
Total Assets	29,021,238	31,803,873
Long-Term Liabilities Outstanding	6,989,212	10,595,303
Other Liabilities	<u>6,000,222</u>	<u>5,445,008</u>
Total Liabilities	12,989,434	16,040,311
Net Assets:		
Invested in Capital Assets, Net of Related Debt	13,956,529	9,284,666
Restricted	177,083	196,652
Unrestricted	<u>1,898,192</u>	<u>6,282,244</u>
Total Net Assets	<u>\$16,031,804</u>	<u>\$15,763,562</u>

This summary reflects an increase of 1.70% for the governmental activities and an increase of 8.99% in the business-type activities.

Business-Type Activities		Totals	
2005	2004	2005	2004
\$ 2,824,665	\$ 2,181,778	\$11,429,374	\$14,445,985
31,740,924	23,159,109	52,157,453	42,698,775
34,565,589	25,340,887	63,586,827	57,144,760
17,305,845	9,310,479	24,295,057	19,905,782
1,036,429	1,145,828	7,036,651	6,590,836
18,342,274	10,456,307	31,331,708	26,496,618
14,531,775	13,848,630	28,488,304	23,133,296
----	----	177,083	196,652
1,691,540	1,035,950	3,589,732	7,318,194
\$16,223,315	\$14,884,580	\$32,255,119	\$30,648,142

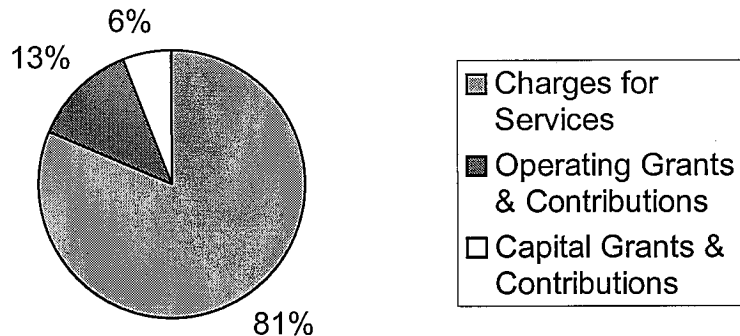
Total revenue reported in Fiscal 2005 was \$13,676,556. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2005 and 2004:

Revenue Source	General Governmental Activities	
	2005	2004
Program Revenues:		
Charges for Services	\$ 1,570,532	\$ 1,527,993
Operating Grants and Contributions	969,410	899,243
Capital Grants and Contributions	<u>472,582</u>	<u>414,689</u>
Total Program Revenues	2,967,524	2,841,925
General Revenues & Interfund Transfers:		
Property Taxes	4,842,032	4,211,593
Other Taxes	14,131	13,876
Local Option Sales Tax	765,452	684,127
Hotel / Motel Taxes	99,369	88,715
Interest	79,188	54,434
General Intergovernmental Revenues	9,829	50,040
Revenue from Use of Property	----	419
Gain on Sales of Assets	20,207	(8,087)
Miscellaneous	<u>245,096</u>	<u>202,739</u>
Total General Revenues	<u>6,075,304</u>	<u>5,297,856</u>
Interfund Transfers	<u>(471,150)</u>	<u>(135,000)</u>
Total Revenues & Interfund Transfers	<u>\$ 8,571,678</u>	<u>\$ 8,004,781</u>

Business Type Activities		Totals	
2005	2004	2005	2004
\$4,502,862	\$4,191,114	\$ 6,073,394	\$ 5,719,107
----	----	969,410	899,243
----	----	427,582	414,689
4,502,862	4,191,114	7,470,386	7,033,039
----	----	4,842,032	4,211,593
----	----	14,131	13,876
----	----	765,452	684,127
----	----	99,369	88,715
17,316	12,503	96,504	66,937
----	----	9,829	50,040
59,429	35,824	59,429	36,243
----	(80,173)	20,207	(88,260)
54,121	131,628	299,217	334,367
130,866	99,782	6,206,170	5,397,638
471,150	135,000	-	-
\$ 5,104,878	\$ 4,425,896	\$13,676,556	\$12,430,677

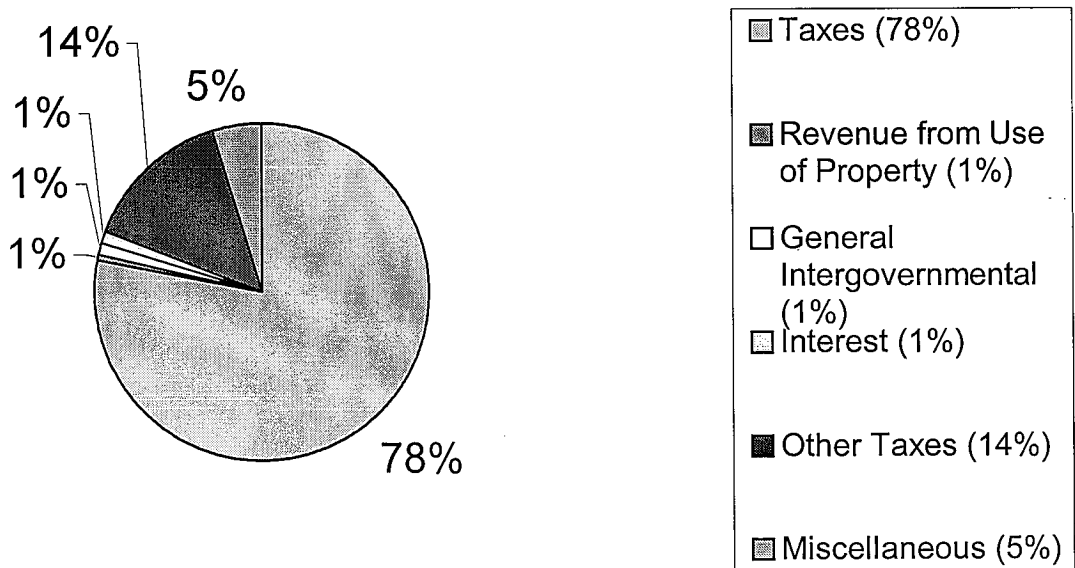
Program revenues totaled \$7,470,386 for fiscal year 2005. Governmental Activities provided \$2,967,524 and Business-Type Activities provided \$4,502,862. Revenue collected for Charges for Services during fiscal year 2005 was \$6,073,394, accounting for 81% of the total program revenues. The following chart breaks down program revenues by source:

Program Revenues



General Revenues for fiscal year 2005 totaled \$6,206,170. Governmental Activities provided \$6,075,304 and Business-Type Activities provided \$130,866. Property Tax Revenues for fiscal year 2005 totaled \$4,842,032, accounting for 78% of General Revenues. The following chart breaks down General Revenues by source:

General Revenues



Expenditures for Fiscal 2005 totaled \$12,069,579. Expenditures for General Governmental Activities totaled \$8,303,436, accounting for 69% of total expenditures. Business-Type Activity expenditures totaled \$3,766,143, for 31% of the total.

The following table shows total expenditures by Function/Program for FY 2005 and FY 2004:

Program Level	General Governmental Activities		Business-Type	
	2005	2004	2005	2004
Public Safety	\$1,909,929	\$1,853,216	\$ ----	\$ ----
Public Works	1,559,600	1,523,467	----	----
Health & Social Services	66,840	63,694	----	----
Culture and Recreation	1,228,150	1,156,628	----	----
Community and Economic Development	961,472	670,103	----	----
General Government	1,772,440	1,549,152	----	----
Debt Service	451,238	432,054	----	----
Capital Projects	353,767	293,224	----	----
Sewer System	----	----	1,799,547	1,634,631
Water System	----	----	1,127,258	1,027,206
Solid Waste	----	----	540,313	371,007
Golf Course	----	----	299,025	275,754
Total Expenditures	<u>\$ 8,303,436</u>	<u>\$ 7,541,538</u>	<u>\$ 3,766,143</u>	<u>\$ 3,308,598</u>

Totals	
2005	2004
\$1,909,929	\$1,853,216
1,559,600	1,523,467
66,840	63,694
1,228,150	1,156,628
961,472	670,103
1,772,440	1,549,152
451,238	432,054
353,767	293,224
1,799,547	1,634,631
1,127,258	1,027,206
540,313	371,007
299,025	275,754
<u>\$12,069,579</u>	<u>\$10,850,136</u>

The following table shows the activities included within each program level:

Program Level	Activity
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning & Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest and principal of outstanding debt
Capital Projects	Construction of Capital Facilities
Sewer System	Operation of the waste water treatment plant
Water System	Operation of the waste water treatment plant
Solid Waste	Operation of garbage collection and disposal
Golf Course	Operation of Golf Course

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$1,909,929 and received \$430,197 in revenue, thus leaving a cost to the taxpayer of \$1,479,732 to be funded by various methods. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent
Culture and Recreation	Fees, State Aid,
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$8,303,436. Of these costs, \$1,570,532 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$1,396,992, leaving a Net Expense of \$5,335,912 for Governmental Activities. These expenses of \$5,335,912 were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2005	2004
Governmental Activities:		
Public Safety	\$(1,479,732)	\$(1,477,580)
Public Works	(745,092)	(727,148)
Health & Social Services	(66,840)	(63,694)
Culture and Recreation	(737,136)	(722,191)
Community and Economic Development	(811,172)	(568,303)
General Government	(1,146,851)	(880,514)
Debt Service	(451,238)	(432,054)
Capital Projects	102,149	171,871
Total Net (Expense)		
Governmental Activities	<u>(5,335,912)</u>	<u>(4,699,613)</u>
General Revenues	<u>6,075,304</u>	<u>5,297,856</u>
Excess of revenues over expenditures	<u>739,392</u>	<u>598,243</u>
Interfund Transfers	<u>(471,150)</u>	<u>(135,000)</u>
Change in Net Assets	<u>\$ 268,242</u>	<u>\$ 463,243</u>

Total resources available during the year to finance governmental operations were \$24,335,240, consisting of Net Assets at July 1, 2004 of \$15,763,562, Program Revenues of \$2,967,524 and General Revenues of \$6,075,304 and interfund transfers of \$(471,150). Total Governmental Activities during the year expended \$8,303,436; thus, Net Assets were increased by \$268,242, to \$16,031,804.

Business Type Activities

Business Type Activities increased the City's net assets by \$1,338,735, accounting for 83% of the growth in the City's net assets.

The cost of all Proprietary Activities this year was \$3,766,143. As shown in the Statement of Activities, the amounts paid by users of the systems was \$4,502,862, resulting in total Net Revenue for Business Type Activities of \$736,719. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2005	2004
Sewer System	\$254,641	\$415,034
Water System	381,147	461,900
Solid Waste	121,174	7,729
Golf Course	(20,243)	(2,147)
Total Net Revenue		
Business Type Activities	<u>736,719</u>	<u>882,516</u>
General Revenues	<u>130,866</u>	<u>99,782</u>
Excess of revenues over expenditures	<u>867,585</u>	<u>982,298</u>
Interfund Transfers	<u>471,150</u>	<u>135,000</u>
Change in Net Assets	<u>\$1,338,735</u>	<u>\$1,117,298</u>

Total resources available during the year to finance Proprietary Fund activities were \$19,989,458, consisting of Net Assets at July 1, 2004 of \$14,884,580, Program Revenues of \$4,502,862, General Revenues of \$130,866 and interfund transfers of \$471,150. Total Proprietary Fund Activities during the year expended \$3,766,143; thus Net Assets were increased by \$1,338,735, to \$16,223,315.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$363,406. The combined Governmental Funds fund balance decreased \$(1,210,145) from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$393,137. The fund balance of \$1,011,842 is 20% of expenditures which is above the goal of a fund balance between 15% and 17% of expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2005 original (adopted) General Fund amount of \$4,781,887 to the final budget amount of \$5,453,387 shows a net increase of \$671,500.

Original Budget	Supplemental Changes	Amended Budget
\$ 4,781,887	\$ 671,500	\$ 5,453,387

The following table shows the General Fund budget variances by program structure:

Expenditures	Amended Budget	Actual	Variance
Public Safety	\$ 1,694,809	\$ 1,680,801	\$ 14,008
Public Works	701,846	691,702	10,144
Culture and Recreation	1,267,679	1,159,285	108,394
Community and Economic Development	665,474	678,757	(13,283)
General Government	1,123,579	1,059,499	64,080
Capital Projects	-	10,519	(10,519)
Total Expenditures	<u>\$ 5,453,387</u>	<u>\$5,280,563</u>	<u>\$172,824</u>

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, storm sewer systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2005, was \$28,488,304 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2005 are as follows:

General Governmental Activities		2005	2004
Land		\$ ----	\$ 211,640
Infrastructure		873,293	1,449,274
Buildings		----	897,959
Improvements – Other than Buildings		120,010	65,259
Equipment		265,857	313,298
Construction in Progress		1,862,378	1,357,054
Utility Plant		----	----
Total Gross Additions		<u>\$ 3,121,538</u>	<u>\$ 4,294,484</u>

Business Type Activities		Totals	
2005	2004	2005	2004
----	----	----	\$ 211,640
----	----	\$ 873,293	1,449,274
----	\$ 17,275	----	915,234
----	----	120,010	65,259
\$ 149,215	31,654	415,072	344,952
9,118,125	6,887,025	10,980,503	8,244,079
143,178	312,966	143,178	312,966
<u>\$9,410,518</u>	<u>\$ 7,248,920</u>	<u>\$12,532,056</u>	<u>\$ 11,543,404</u>

Construction in Progress at June 30, 2005 for governmental activities consisted of costs associated with the Airport Layout Improvement Plan, the Airport Runway Extension Project, the Wellness Center /Convention Center Improvements, Veteran Memorial Project, Recreation Trail Improvements, and numerous street and infrastructure additions and improvements.

For Business-Type Activities, the Construction in progress at June 30, 2005 consisted of costs associated with the wastewater system improvements and the water system improvements, and the new nine holes and clubhouse at the golf course.

See Note 6 to the financial statements for more information on the City's capital assets.

DEBT ADMINISTRATION

At year-end the City had \$23,669,149 of debt outstanding. This is an increase of \$4,103,670 from the prior year. This increase is made up of \$5.15 million Water SRF increase and \$3.58 million of Sewer SRF increase and a \$2.9 million G.O. issue decrease and annual debt amortization.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$23,326,040. With outstanding General Obligation Debt applicable to this limit of \$9,055,000 and a debt service fund balance of \$29,650, we are utilizing 39% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

ECONOMIC FACTORS

The City of Le Mars worked hard in FY 2005 to maintain a positive approach to growth and development. Continued progressive growth in the Le Mars community had a positive effect on the City's unemployment and tax base. The growth in Local Option Sales Tax demonstrates that the Le Mars economy continues to grow.

New housing developments in the city include private development, including water, sewer and paving improvements. The City has worked to market the Westmar buildings helping to create additional apartment facilities. The City is looking forward to new housing surrounding the new holes at the golf course.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 712-546-7018.

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CITY OF LE MARS, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Component Unit	
	Governmental	Business-Type		Floyd Valley	Hospital
	Activities	Activities	Total		
ASSETS					
Cash and Cash Equivalents	\$ 570,397	\$ 200,502	\$ 770,899	\$ 1,460,801	
Investments	133,698	-	133,698	-	
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	120,518	221,808	342,326	2,510,854	
Taxes	35,443	-	35,443	-	
Subsequent Year Taxes	5,197,266	-	5,197,266	-	
Accrued Interest	63	-	63	-	
Other	7,814	13,999	21,813	45,160	
Estimated Unbilled Usage	-	399,908	399,908	-	
Special Assessments	31,716	-	31,716	-	
Pledges Receivable	2,089,699	-	2,089,699	-	
Notes Receivable	964,205	-	964,205	-	
Internal Balances	(1,528,460)	1,528,460	-	-	
Due from Other Governmental Agencies	564,629	-	564,629	-	
Inventories	-	97,176	97,176	273,531	
Land Held for Resale	148,263	-	148,263	-	
Prepaid Assets	72,574	-	72,574	131,663	
Other	-	-	-	270,009	
Restricted Assets:					
Cash and Cash Equivalents	-	29,100	29,100	784,894	
Investments	-	131,000	131,000	5,173,362	
Other Receivables	-	-	-	31,613	
Accrued Interest Receivable	-	995	995	12,349	
Bond Issue Costs	77,056	201,717	278,773	-	
Investment in Joint Venture	119,828	-	119,828	-	
Land	947,037	1,318,661	2,265,698	103,274	
Construction in Progress	1,821,922	17,663,678	19,485,600	101,476	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	17,647,570	12,758,585	30,406,155	12,085,610	
Total Assets	29,021,238	34,565,589	63,586,827	22,984,396	
LIABILITIES					
Accounts Payable	676,930	963,558	1,640,488	1,116,043	
Accrued Wages	34,354	10,920	45,274	567,003	
Accrued Expenses	91,672	45,478	137,150	513,803	
Unearned Revenue - Subsequent Year Taxes	5,197,266	-	5,197,266	-	
Payables from Restricted Assets:					
Customer Deposits	-	15,320	15,320	-	
Accrued Revenue Bond Interest	-	1,153	1,153	-	
Revenue Bonds - Current	-	329,123	329,123	-	
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	487,000	487,000	640,000	
General Obligation Bonds	920,000	75,000	995,000	-	
Compensated Absences and Benefits	529,212	96,696	625,908	-	
Due in more than one year:					
Revenue Bonds Payable	-	13,798,026	13,798,026	6,776,175	
General Obligation Bonds	5,540,000	2,520,000	8,060,000	-	
Total Liabilities	12,989,434	18,342,274	31,331,708	9,613,024	
NET ASSETS					
Invested in Capital Assets,					
Net of Related Debt	13,956,529	14,531,775	28,488,304	4,874,185	
Restricted for:					
Debt Service	11,287	-	11,287	1,646,460	
Endowments:					
Expendable	33,933	-	33,933	-	
Nonexpendable	131,863	-	131,863	-	
Unrestricted	1,898,192	1,691,540	3,589,732	6,850,727	
Total Net Assets	\$ 16,031,804	\$ 16,223,315	\$ 32,255,119	\$ 13,371,372	

CITY OF LE MARS, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,909,929	\$ 402,945	\$ 27,252	\$ -
Public Works	1,559,600	47,609	766,899	-
Health and Social Services	66,840	-	-	-
Culture and Recreation	1,228,150	474,763	16,251	-
Community and Economic Development	961,472	300	150,000	-
General Government	1,772,440	616,581	9,008	-
Capital Projects	353,767	28,334	-	427,582
Debt Service	451,238	-	-	-
Total governmental activities	<u>8,303,436</u>	<u>1,570,532</u>	<u>969,410</u>	<u>427,582</u>
Business-Type Activities:				
Golf Course	299,025	278,782		
Water System	1,127,258	1,508,405		
Sewer System	1,799,547	2,054,188		
Solid Waste System	540,313	661,487		
Total Business-Type Activities:	<u>3,766,143</u>	<u>4,502,862</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 12,069,579</u>	<u>\$ 6,073,394</u>	<u>\$ 969,410</u>	<u>\$ 427,582</u>
Component Unit:				
Floyd Valley Hospital	\$ 17,052,300	\$ 17,479,688	\$ 1,052	\$ 337,363

General Revenues:
Property taxes
Other taxes
Local Option Sales Tax
Hotel/Motel Taxes
Interest
General Intergovernmental Revenues
Use of property
Miscellaneous
Sale of non-capitalized Assets
Interfund Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets			Component Unit Floyd Valley Hospital
Governmental Activities	Business-Type Activities	Total	
\$ (1,479,732)		\$ (1,479,732)	
(745,092)		(745,092)	
(66,840)		(66,840)	
(737,136)		(737,136)	
(811,172)		(811,172)	
(1,146,851)		(1,146,851)	
102,149		102,149	
(451,238)		(451,238)	
<u>(5,335,912)</u>		<u>(5,335,912)</u>	
	\$ (20,243)	(20,243)	
	381,147	381,147	
	254,641	254,641	
	121,174	121,174	
	<u>736,719</u>	<u>736,719</u>	
<u>(5,335,912)</u>	<u>736,719</u>	<u>(4,599,193)</u>	
			\$ 765,803
4,842,032	-	4,842,032	-
14,131	-	14,131	-
765,452	-	765,452	-
99,369	-	99,369	-
79,188	17,316	96,504	166,870
9,829	-	9,829	-
-	59,429	59,429	-
245,096	54,121	299,217	84,755
20,207	-	20,207	-
(471,150)	471,150	-	-
<u>5,604,154</u>	<u>602,016</u>	<u>6,206,170</u>	<u>251,625</u>
268,242	1,338,735	1,606,977	1,017,428
15,763,562	14,884,580	30,648,142	12,353,944
<u>\$ 16,031,804</u>	<u>\$ 16,223,315</u>	<u>\$ 32,255,119</u>	<u>\$ 13,371,372</u>

CITY OF LE MARS, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2005

	General	TIF	Road Use Tax
Assets			
Cash and Pooled Investments	\$ 5,793	\$ -	\$ 74,551
Investments	1,985	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	120,518	-	-
Taxes	17,326	12,676	-
Subsequent Year Taxes	2,224,184	1,927,847	-
Accrued Interest	63	-	-
Other	7,814	-	-
Special Assessments	31,716	-	-
Pledges Receivable	-	-	-
Notes Receivable	110,000	-	-
Due from Other Funds	700,000	-	425,000
Due from Other Governmental Agencies	3,673	-	60,894
Land Held for Resale	148,263	-	-
Total Assets	<u>3,371,335</u>	<u>1,940,523</u>	<u>560,445</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	69,871	-	1,382
Accrued Wages	33,855	-	-
Due to Other Funds	-	-	-
Unearned Revenue	31,583	7,541	-
Deferred Revenue - Subsequent Year Taxes	2,224,184	1,927,847	-
Total Liabilities	<u>2,359,493</u>	<u>1,935,388</u>	<u>1,382</u>
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Assets Held for Resale	148,263	-	-
Perpetual Care	-	-	-
Tree Farm	-	-	-
Long-term Notes	110,000	-	-
Unreserved Fund Balances:			
General Fund	753,579	-	-
Special Revenue Fund	-	5,135	559,063
Capital Projects Fund	-	-	-
Total Fund Balances (Deficits)	<u>1,011,842</u>	<u>5,135</u>	<u>559,063</u>
Total Liabilities and Equity	<u>\$ 3,371,335</u>	<u>\$ 1,940,523</u>	<u>\$ 560,445</u>

Local Option Sales Tax	Debt Service	Capital Project Community Betterment	Other Governmental Funds	Total Governmental Funds
\$ 15,741	\$ 25,869	\$ 30,261	\$ 91,022	\$ 243,237
-	-	-	131,713	133,698
-	-	-	-	120,518
-	3,781	-	1,660	35,443
-	573,220	-	472,015	5,197,266
-	-	-	-	63
-	-	-	-	7,814
-	-	-	-	31,716
-	-	2,183,288	-	2,183,288
-	-	-	854,205	964,205
190,000	-	350,000	406,720	2,071,720
129,800	-	28,307	341,955	564,629
-	-	-	-	148,263
335,541	602,870	2,591,856	2,299,290	11,701,860
67,954	-	-	537,723	676,930
-	-	-	499	34,354
-	-	-	3,600,180	3,600,180
-	-	1,790,600	-	1,829,724
-	573,220	-	472,015	5,197,266
67,954	573,220	1,790,600	4,610,417	11,338,454
-	29,650	-	-	29,650
-	-	-	-	148,263
-	-	-	131,863	131,863
-	-	-	33,933	33,933
-	-	-	854,205	964,205
-	-	-	-	753,579
267,587	-	-	(1,210,108)	(378,323)
-	-	801,256	(2,121,020)	(1,319,764)
267,587	29,650	801,256	(2,311,127)	363,406
\$ 335,541	\$ 602,870	\$ 2,591,856	\$ 2,299,290	\$ 11,701,860

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CITY OF LE MARS, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2005

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 34)	\$	363,406
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds		20,416,529
Investment in Joint Venture is not a financial resource and, therefore, not reported in the funds		119,828
The internal service fund is used by management to fund and maintain the City's health insurance provided to user departments and is included in the statement of net assets.		253,851
Deferred revenues that provide current financial resources for governmental activities.		1,829,724
Estimated uncollectible on pledges receivable extending beyond one year.		(93,589)
Accrued expenses from the balance sheet that require current financial resources for governmental activities.		(18,363)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		77,056
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		72,574
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	\$ (6,460,000)	
Compensated Absences	(529,212)	(6,989,212)
		<hr/>
Total Net Assets - Governmental Activities (page 30)	\$	<u>16,031,804</u>

CITY OF LE MARS, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended June 30, 2005

	General	TIF	Road Use Tax
Revenue:			
Taxes	\$ 2,237,325	\$ 1,616,436	\$ -
Licenses and Permits	141,233	-	-
Intergovernmental Revenue	220,099	-	766,899
Charges for Services	493,117	-	-
Fines and Forfeits	15,726	-	-
Contributions	40,596	-	-
Refunds/Reimbursements	44,770	-	-
Rental Income	326,112	-	-
Proceeds from Sale of Assets	12,192	-	-
Interest	14,532	3,779	-
Miscellaneous	14,643	-	-
Total Revenue	3,560,345	1,620,215	766,899
Expenditures:			
Public Safety	1,607,878	-	-
Public Works	690,682	-	11,170
Health and Social Services	-	-	-
Culture and Recreation	1,187,864	-	-
Community and Economic Development	566,794	-	-
General Government	1,067,262	-	-
Capital Outlay	10,519	-	121,717
Debt Service	-	-	-
Total Expenditures	5,130,999	-	132,887
Excess (deficiency) of revenues over expenditures	(1,570,654)	1,620,215	634,012
Other financing sources (uses):			
Transfers In	2,277,305	-	-
Transfers Out	(313,514)	(1,619,604)	(925,718)
Total other financing sources (uses)	1,963,791	(1,619,604)	(925,718)
Net Change in Fund Balance	393,137	611	(291,706)
Fund balances (deficits)-beginning of year	489,331	4,524	850,769
Prior Period Adjustment	129,374	-	-
Fund balances (deficits)-beginning of year, as restated	618,705	4,524	850,769
Fund balances (deficits)- end of year	\$ 1,011,842	\$ 5,135	\$ 559,063

Local Option Sales Tax	Debt Service	Capital Project Community Betterment	Other Governmental Funds	Total Governmental Funds
\$ 765,452	\$ 578,515	\$ -	\$ 509,124	\$ 5,706,852
-	-	-	300	141,533
-	-	37,319	305,517	1,329,834
-	-	-	15,574	508,691
-	-	-	-	15,726
-	-	402,310	5,000	447,906
-	-	-	57,582	102,352
-	-	-	28,161	354,273
-	-	-	12,729	24,921
1,079	46,835	8,211	2,369	76,805
-	-	-	-	14,643
766,531	625,350	447,840	936,356	8,723,536
-	-	-	174,360	1,782,238
-	-	-	-	701,852
-	-	-	66,840	66,840
-	-	-	2,907	1,190,771
-	-	-	223,584	790,378
-	-	-	9,635	1,076,897
569,147	-	78,876	1,753,656	2,533,915
-	1,319,440	200	-	1,319,640
569,147	1,319,440	79,076	2,230,982	9,462,531
197,384	(694,090)	368,764	(1,294,626)	(738,995)
26,384	648,486	138,960	1,805,013	4,896,148
(109,679)	-	(1,927,782)	(471,001)	(5,367,298)
(83,295)	648,486	(1,788,822)	1,334,012	(471,150)
114,089	(45,604)	(1,420,058)	39,386	(1,210,145)
153,498	75,254	2,221,314	(2,350,513)	1,444,177
-	-	-	-	129,374
153,498	75,254	2,221,314	(2,350,513)	1,573,551
\$ 267,587	\$ 29,650	\$ 801,256	\$ (2,311,127)	\$ 363,406

CITY OF LE MARS, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 37)	\$ (1,210,145)
--	----------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 2,526,747	
Depreciation expense	<u>(1,521,568)</u>	1,005,179

Investment in Joint Venture does not require current financial resources, therefore, is not reported in the funds. This is the change in the equity investment for the year:	(8,488)
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Revenues reported in the funds that are not available to provide current financial resources:	(9,335)
---	---------

Capital contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds:	(317,564)
--	-----------

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources:	8,917
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Accrued interest expense that does not require current financial resources:	16,427
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Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in in the long-term compensated absences for the year was:	(59,535)
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Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair, and replacement of the City's automotive equipment and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities:	(9,187)
--	---------

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:	(43,027)
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The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	<u>895,000</u>
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Change in net assets of governmental activities (page 32)	<u>\$ 268,242</u>
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CITY OF LE MARS, IOWA
COMBINING STATEMENT OF NET ASSETS
Proprietary Funds
June 30, 2005

	Business Type Activities	
	Water System	Sewer System
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 71,375	\$ 292
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	38,432	161,258
Other	12,955	1,044
Estimated Unbilled Usage	124,788	238,349
Due from Other Funds	922,482	148,000
Inventories	97,176	-
Total Current Assets	<u>1,267,208</u>	<u>548,943</u>
Noncurrent Assets		
Restricted Assets:		
Cash and Cash Equivalents	-	29,100
Investments	-	131,000
Accrued Interest Receivable	-	995
Bond Issue Costs	85,056	116,661
Land	174,357	843,418
Construction in Progress	7,321,439	9,450,537
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,085,191	7,075,914
Total Noncurrent Assets	<u>12,666,043</u>	<u>17,647,625</u>
Total Assets	<u>13,933,251</u>	<u>18,196,568</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	358,761	570,723
Accrued Wages	4,433	6,487
Accrued Expenses	18,843	26,635
Due to Other Funds	-	25,885
Payables from Restricted Assets:		
Customer Deposits	15,320	-
Accrued Revenue Bond Interest	-	1,153
Revenue Bonds - Current	-	329,123
Revenue Bonds Payable- Current	317,000	170,000
General Obligation Bonds- Current	-	75,000
Compensated Absences and Benefits	52,094	44,602
Total Current Liabilities	<u>766,451</u>	<u>1,249,608</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	7,092,000	6,706,026
General Obligation Bonds	-	2,520,000
Total Noncurrent Liabilities	<u>7,092,000</u>	<u>9,226,026</u>
Total Liabilities	<u>7,858,451</u>	<u>10,475,634</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	5,171,987	7,569,720
Unrestricted	902,813	151,214
Total Net Assets	<u>\$ 6,074,800</u>	<u>\$ 7,720,934</u>

Business Type Activities		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service	
\$ 128,835	\$ 200,502	\$ 327,160	
22,118	221,808	-	
-	13,999	-	
36,771	399,908	-	
557,335	1,627,817	-	
-	97,176	-	
<u>745,059</u>	<u>2,561,210</u>	<u>327,160</u>	
-	29,100	-	
-	131,000	-	
-	995	-	
-	201,717	-	
300,886	1,318,661	-	
891,702	17,663,678	-	
<u>597,480</u>	<u>12,758,585</u>	<u>-</u>	
<u>1,790,068</u>	<u>32,103,736</u>	<u>-</u>	
<u>2,535,127</u>	<u>34,664,946</u>	<u>327,160</u>	
34,074	963,558	-	
-	10,920	-	
-	45,478	73,309	
73,472	99,357	-	
-	15,320	-	
-	1,153	-	
-	329,123	-	
-	487,000	-	
-	75,000	-	
-	96,696	-	
<u>107,546</u>	<u>2,123,605</u>	<u>73,309</u>	
-	13,798,026	-	
-	2,520,000	-	
-	16,318,026	-	
<u>107,546</u>	<u>18,441,631</u>	<u>73,309</u>	
1,790,068	14,531,775	-	
637,513	1,691,540	253,851	
<u>\$ 2,427,581</u>	<u>\$ 16,223,315</u>	<u>\$ 253,851</u>	

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Proprietary Funds
For the Year Ended June 30, 2005

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,508,405	\$ 2,054,188
Total Operating Revenue	<u>1,508,405</u>	<u>2,054,188</u>
Operating Expenses:		
Employee Services	373,493	612,967
Contract Services	5,902	131,551
Supplies	111,672	78,964
Repairs and Improvements	25,071	27,630
Utilities	115,969	147,932
Miscellaneous	6,297	2,286
Depreciation	279,795	491,863
Amortization	4,442	16,795
Total Operating Expenses	<u>922,641</u>	<u>1,509,988</u>
Operating Income (Loss)	585,764	544,200
Non-Operating Income (Expense):		
Interest Income	6,956	9,704
Revenue from Use of Property	38,770	20,659
Other Non-operating Revenues	31,635	17,472
Interest Expense	(204,617)	(289,559)
Total Non-Operating Income (Expenses)	<u>(127,256)</u>	<u>(241,724)</u>
Income (Loss) Before Transfers	458,508	302,476
Transfers In	-	-
Transfers (Out)	<u>(189,000)</u>	<u>(238,800)</u>
Change in Net Assets	269,508	63,676
Net Assets - Beginning	<u>5,805,292</u>	<u>7,657,258</u>
Net Assets - Ending	<u>\$ 6,074,800</u>	<u>\$ 7,720,934</u>

Business Type Activities		Governmental
Nonmajor		Activities
Enterprise		Internal
Funds	Total	Service
\$ 940,269	\$ 4,502,862	\$ 616,582
940,269	4,502,862	616,582
26,031	1,012,491	-
644,656	782,109	-
63,662	254,298	-
20,136	72,837	-
10,532	274,433	-
17,276	25,859	655,376
57,045	828,703	-
-	21,237	-
839,338	3,271,967	655,376
100,931	1,230,895	(38,794)
656	17,316	2,381
-	59,429	-
5,014	54,121	27,226
-	(494,176)	-
5,670	(363,310)	29,607
106,601	867,585	(9,187)
950,000	950,000	-
(51,050)	(478,850)	-
1,005,551	1,338,735	(9,187)
1,422,030	14,884,580	263,038
\$ 2,427,581	\$ 16,223,315	\$ 253,851

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2005

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,496,532	\$ 1,881,918
Cash Paid to Suppliers for Goods and Services	(272,711)	(374,903)
Cash Paid to Employees for Services	(362,065)	(607,622)
Other Nonoperating Income	70,405	38,131
Net Cash Provided by Operating Activities	<u>932,161</u>	<u>937,524</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(3,664,679)	(5,265,572)
Proceeds from Bond Sales	3,575,758	5,154,501
Bond Issuance Costs	(10,110)	-
Principal Paid on Notes and Bonds	(283,000)	(555,000)
Interest Paid on Notes and Bonds	(204,617)	(290,595)
Net Cash (Used) for Capital and Related Financing Activities	<u>(586,648)</u>	<u>(956,666)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers From (To) Other Funds	(189,000)	(238,800)
Advances From (To) Other Funds	96,364	370,884
Due From (To) Other Funds	(350,135)	(122,115)
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(442,771)</u>	<u>9,969</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>6,956</u>	<u>9,630</u>
Net Cash Provided from Investing Activities	6,956	9,630
Net Increase (Decrease) in Cash and Cash Equivalents	(90,302)	457
Cash and Cash Equivalents at Beginning of Year	<u>161,677</u>	<u>28,935</u>
Cash and Cash Equivalents at End of Year	<u>\$ 71,375</u>	<u>\$ 29,392</u>

Business Type Activities		Governmental
Nonmajor		Activities
Enterprise		Internal
Funds	Total	Service
\$ 919,639	\$ 4,298,089	\$ 616,582
(761,318)	(1,408,932)	(632,923)
-	(969,687)	-
5,014	113,550	27,226
163,335	2,033,020	10,885
(534,543)	(9,464,794)	-
-	8,730,259	-
-	(10,110)	-
-	(838,000)	-
-	(495,212)	-
(534,543)	(2,077,857)	-
898,950	471,150	-
15,387	482,635	-
(558,081)	(1,030,331)	-
356,256	(76,546)	-
656	17,242	2,381
656	17,242	2,381
(14,296)	(104,141)	13,266
143,131	333,743	313,894
\$ 128,835	\$ 229,602	\$ 327,160

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2005

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 585,764	\$ 544,200
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	279,795	491,863
Amortization	4,442	16,795
Miscellaneous Non-Operating Income	70,405	38,131
(Increase) Decrease in Assets:		
Accounts Receivable	(18,255)	(131,793)
Estimated Unbilled Usage	6,382	(40,477)
Inventories	799	-
Increase (Decrease) in Liabilities		
Accounts Payable	(18,077)	(1,027)
Accrued Wages and Compensated Absences	11,428	5,345
Accrued Expenses	8,278	14,487
Customer Deposits	1,200	-
Total Adjustments	346,397	393,324
Net Cash Provided by Operating Activities	\$ 932,161	\$ 937,524

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Cash Equivalents	\$ 71,375	\$ 292
Restricted Cash and Cash Equivalents	-	29,100
	\$ 71,375	\$ 29,392

Nonmajor Enterprise Funds	Total	Governmental Activities
		Internal Service
\$ 100,931	\$ 1,230,895	\$ (38,794)
57,045	828,703	-
	21,237	-
5,014	113,550	27,226
(7,525)	(157,573)	-
(13,105)	(47,200)	-
-	799	-
20,975	1,871	-
-	16,773	-
-	22,765	22,453
-	1,200	-
62,404	802,125	49,679
\$ 163,335	\$ 2,033,020	\$ 10,885

\$ 128,835	\$ 200,502	\$ 327,160
-	29,100	-
\$ 128,835	\$ 229,602	\$ 327,160

CITY OF LE MARS, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Agency Funds
June 30, 2005

ASSETS

Cash and Pooled Investments	\$ 79,337
Total Assets	79,337

LIABILITIES

Accounts Payable	78,587
Due to Other Governments	750
Total Liabilities	79,337

NET ASSETS

Unrestricted	-
Total Net Assets	\$ -

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Le Mars, Iowa is a political subdivision of the State of Iowa located in Plymouth County, and was incorporated in 1881, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government with an appointed administrator and finance director and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also has municipal water and sewer utility systems, which are governed by the City Council.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

For financial reporting purposes, the City of Le Mars, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Le Mars, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its respective administrative office.

Discretely Presented Component Unit - The City established a municipal hospital, Floyd Valley Hospital, in 1966. The hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City. The Hospital is financially accountable to the City and its operating budget is subject to the approval of the City Council.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Plymouth County Assessors' Conference Board, Plymouth County Area Solid Waste Agency, Plymouth County Emergency Management Commission, Plymouth County Joint E911 Service Board, and the Highway 60 Commission.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent of fees and charges for services. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's health insurance internal service fund is also classified as a governmental-type activity.

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The City first uses restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.

- 2) Special Revenue Funds

The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for public improvements; construction of public infrastructure as well as economic development opportunities; incentives; sites; land; rebates; and grant agreements.

The Road Use Tax Fund is used to account for the operation of street maintenance and construction financed by allocations of state fuel taxes.

The Local Option Sales Tax Fund is used to account for the collection of a 1% local option sales tax to be expended for Capital Improvement/Community Betterment Projects.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

- 4) Capital Project Funds

The Community Betterment Fund is used to account for the construction of capital assets related to the City's Community Betterment Program financed partially through individual contributions.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

- 2) Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis.

The City's internal service fund is presented in the proprietary fund financial statements.

Health Insurance – To account for the funding and maintenance of the City's self-funded health insurance provided to City employees. Since the principal users of this internal service are the City's governmental activities, the financial statements of the

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

health insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City has the following agency funds:

Flex Account- This agency fund is used to account for the City cafeteria plan funds.

Payroll Clearing- This fund is used to account for the accumulation of funds and related expenses concerning the City's payroll.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the debt service function.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

The City and its component unit use the following methods in determining the reported amounts.

<u>City</u>	<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit		Cost
<u>Component Unit</u>		
Certificates of Deposit		Cost
U.S. Treasury Notes, State & Local Government Series		Fair Value Determined Based on Quoted Market Price
Iowa Public Agency Investment Trust		Fair Value Determined By Current Share Prices
Debt Securities		
Negotiable Certificates of Deposit		
Maturity of one year or less when purchased		Amortized Cost
Maturity of more than one year when purchased		Fair Value Based on Quoted Market Price

G. Property Tax Receivable

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2003. Any county collections on the 2004-2005 tax levy remitted to the City within 60 days subsequent to June 30, 2005, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2005, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The inventory amounts are not material and therefore not recorded on the balance sheet.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005 are recorded as prepaid items.

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds.

L. Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$1,000 and estimated useful lives in excess of two years.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Buildings	39 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 - 20 Years
Infrastructure	15 – 70 Years

M. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick-leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statement. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

Reserves represent those portions of fund equity legally segregated for a specific future use.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

Q. Landfill Closure Costs

The City is part of an Iowa Code Section 28F agreement with the Plymouth County Solid Waste Agency and, therefore, not required to account for landfill post closure costs.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2005, were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Deposits at June 30, 2005, are shown below:

	Primary Government	Component Unit	Fair Value	Rating
Demand Deposits	\$ (604,158)	\$ 2,245,495	\$1,641,337	N/A
Savings Deposits	1,404,158		1,404,158	N/A
Avera Health Investment Pool		258,313	258,313	Not Rated
Time Deposits	264,697	4,915,049	5,179,746	N/A
	<u>\$ 1,064,697</u>	<u>\$ 7,418,857</u>	<u>\$8,483,554</u>	

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

The Component Unit had investments at June 30, 2005 in the Avera Health Investment Pool (Pool) which are valued at fair value of \$258,313. This value is determined by the total funds transferred to the Pool from the Hospital, increased by the Hospital's proportionate share of income and decreased by the Hospital's proportionate share of expenses. Income and expenses are allocated monthly based on each Pool participants' account balance.

The only significant change noted in the City's investments during the year was the sale of the U.S. Government securities that were being held in escrow at June 30, 2004 to refund the City's 1996 G.O. Bonds.

Note 3 - RECEIVABLES

Receivables at June 30, 2005 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$16,768 at June 30, 2005. The component unit had an allowance for uncollectibles of \$1,037,281 at June 30, 2005.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2005, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 60,894
Due from the Iowa Department of Transportation for construction projects	7,225
Due from the State of Iowa for local option sales taxes	129,800
Due from the State of Iowa for hotel and motel sales taxes	29,213
Due from the State of Iowa for miscellaneous grants	337,497
Total Due from Other Governments	<u>\$ 564,629</u>

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2005, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 700,000
Special Revenue – Road Use Tax	Nonmajor Governmental Funds	425,000
Special Revenue – Local Option Sales Tax	Nonmajor Governmental Funds	190,000
Capital Project – Community Betterment	Nonmajor Governmental Funds	350,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	406,720
Proprietary Fund – Golf Course	Nonmajor Governmental Funds	531,450
Proprietary Fund – Golf Course	Proprietary Fund – Sewer	25,885
Proprietary Fund – Water	Nonmajor Governmental Funds	922,482
Proprietary Fund – Sewer	Nonmajor Governmental Funds	74,528
Proprietary Fund – Sewer	Nonmajor Proprietary Funds	73,472
		<u>\$ 3,699,537</u>

The purpose of the interfund balances is to help finance short-term cash flow shortages of various funds.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 947,037			\$ 947,037
Construction in Progress	554,335	\$ 1,862,378	\$ 594,791	1,821,922
Total capital assets not being depreciated	1,501,372	1,862,378	594,791	2,768,959
Capital assets being depreciated:				
Buildings	7,799,382			7,799,382
Improvements	2,940,853	120,010		3,060,863
Equipment	3,897,003	265,857	17,525	4,145,335
Infrastructure	17,883,789	873,293		18,757,082
Total capital assets being depreciated	32,521,027	1,259,160	17,525	33,762,662
Less: Accumulated Depreciation for:				
Buildings	3,223,998	333,815		3,557,813
Improvements	1,808,823	108,222		1,917,045
Equipment	3,197,774	305,257	17,525	3,485,506
Infrastructure	6,380,454	774,274		7,154,728
Total Accumulated Depreciation	14,611,049	1,521,568	17,525	16,115,092
Total capital assets being depreciated, net	17,909,978	(262,408)		17,647,570
Governmental activities capital assets, net	\$ 19,411,350	\$ 1,599,970	\$ 594,791	\$ 20,416,529

Construction in progress at June 30, 2005, for the governmental activities consisted of costs associated with the Airport Layout Improvement Plan, the Airport Runway Extension Project, the Wellness Center/Convention Center Improvements, Veteran Memorial Project, Recreation Trail Improvements, and numerous street and infrastructure additions and improvements.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 6 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,318,661	-	-	\$ 1,318,661
Construction in Progress	8,545,553	\$ 9,118,125	-	17,663,678
Total capital assets not being depreciated	9,864,214	9,118,125	-	18,982,339
Capital assets being depreciated:				
Buildings	172,951	-	-	172,951
Improvements	523,786	-	-	523,786
Equipment	670,959	149,215	-	820,174
Utility Plant	21,732,590	143,178	-	21,875,768
Total capital assets being depreciated	23,100,286	292,393	-	23,392,679
Less: Accumulated Depreciation	9,805,391	828,703	-	10,634,094
Total capital assets being depreciated, net	13,294,895	(536,310)	-	12,758,585
Business-type activities capital assets, net	\$ 23,159,109	\$ 8,581,815	-	\$ 31,740,924

Construction in progress at June 30, 2005 consisted of costs associated with the wastewater system improvements, the water system improvements, and the new nine holes and clubhouse at the golf course.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Public Safety	\$ 190,884
Public Works	870,282
Culture and Recreation	159,911
Community and Economic Development	242,833
General Government	57,658
Total depreciation expense – governmental activities	<u>\$ 1,521,568</u>
Business-Type Activities:	
Water	\$ 279,795
Sewer	491,863
Golf Course	51,081
Solid Waste	5,964
Total depreciation expense – business-type activities	<u>\$ 828,703</u>

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 6 - CAPITAL ASSETS – (Continued)

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 103,274	-	-	\$ 103,274
Construction in Progress	2,877,079	\$ 946,669	\$ 3,722,272	101,476
Total capital assets not being depreciated	2,980,353	946,669	3,722,272	204,750
Capital assets being depreciated:				
Land Improvements	527,221	149,006	-	676,227
Buildings and Fixed Equipment	9,441,044	3,589,475	56,903	12,973,616
Major Movable Equipment	4,836,610	207,340	21,674	5,022,276
Land and Buildings Leased to Others	2,955,297	-	-	2,955,297
Total capital assets being depreciated	17,760,172	3,945,821	78,577	21,627,416
Less: Accumulated Depreciation	8,581,158	1,022,680	62,032	9,541,806
Total capital assets being depreciated, net	9,179,014	2,923,141	16,545	12,085,610
Component unit capital assets, net	\$ 12,159,367	\$ 3,869,810	\$ 3,738,817	\$ 12,290,360

Reconciliation of Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Unit
Land	\$ 947,037	\$ 1,318,661	\$ 103,274
Construction in Progress	1,821,922	17,663,678	101,476
Capital Assets (net of accumulated depreciation)	17,647,570	12,758,585	12,085,610
Less: General Obligation Bonds Payable	6,460,000	2,595,000	-
Revenue Bonds	-	14,614,149	7,416,175
Investment in Capital Assets, Net of Related Debt	\$ 13,956,529	\$ 14,531,775	\$ 4,874,185

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 7 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2005 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities	1.9-5.90%	\$ 3,340,000
Governmental Activities – Refunding 2002	3.35-4.60%	105,000
Governmental Activities – Refunding 2003	3.15%	3,015,000
Business-Type Activities	1.9-5.60%	2,595,000
		<u>\$ 9,055,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 920,000	\$ 224,027	\$ 75,000	\$ 123,670
2007	940,000	192,653	145,000	121,345
2008	965,000	164,802	150,000	115,735
2009	960,000	133,621	195,000	109,578
2010	990,000	101,292	200,000	101,028
2011-2015	1,595,000	126,220	1,180,000	352,592
2016-2018	90,000	4,140	650,000	57,730
Total	<u>\$ 6,460,000</u>	<u>\$ 946,755</u>	<u>\$ 2,595,000</u>	<u>\$ 981,678</u>

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. During the current year, the City began the issuance of one new series of state revolving loan revenue bonds as well as withdrew from their pre-existing water and wastewater revenue bonds. These funds have been expended on construction of the water treatment and wastewater treatment facilities. Financing details are as follows:

The City drew down an additional \$5,154,501 of funds from the 2004 series sewer revenue bonds which have a total par of \$7,900,000, leaving \$868,974 available for additional funding.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 7 - LONG-TERM DEBT (CONTINUED)

The City drew the remaining \$2,977,758 from the 2003 series water revenue bonds. The total par of these bonds is \$6,300,000, and all funds available in this series of bonds have now been drawn. As shown below the interest rate on these bonds is 3.0%.

Draws from the 2005 series water revenue bonds by the City totaled \$598,000. The total par of this bond series is \$600,000, leaving \$2,000 of funds available for further construction expenditures.

Revenue bonds outstanding at June 30, 2005 are as follows:

Primary Government

Purpose	Interest Rates	Amounts
Sewer SRF	3.0%	\$ 6,876,026
Water SRF	3.0-3.53%	7,409,000
Sewer Refunding	3.6-4.2%	329,123 *
		<u>\$ 14,614,149</u>

*These notes are reported net of unamortized deferred refunding asset of \$5,877.

Component Unit

Purpose	Interest Rates	Amounts
Hospital/Component Unit	5.5-5.9%	\$ 118,000
Hospital/Component Unit	4.3-4.5%	669,800
Hospital/Component Unit	5.2-5.5%	102,900
Hospital/Component Unit	3.0-5.45%	1,587,600
Hospital/Component Unit	2.5-5.9%	3,728,900
Hospital/Component Unit	1.8-3.35%	465,300
Hospital/Component Unit	3.4-5.15%	743,675
		<u>\$ 7,416,175</u>

These notes are reported net of unamortized discount of \$153,825.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 7 - LONG-TERM DEBT (CONTINUED)

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Business-Type Activities		Component Unit	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 822,000	\$ 447,827	\$ 640,000	\$ 360,370
2007	640,000	418,882	675,000	334,176
2008	663,000	399,407	695,000	305,642
2009	685,000	379,231	725,000	274,160
2010	713,000	358,384	790,000	250,495
2011-2015	3,903,000	1,453,585	1,375,000	1,059,590
2016-2020	4,580,000	819,814	1,335,000	645,493
2021-2025	2,614,026	154,891	1,335,000	120,010
Total	<u>\$ 14,620,026</u>	<u>\$ 4,432,021</u>	<u>\$ 7,570,000</u>	<u>\$ 3,350,386</u>

Advance and Current Refundings

In May 2002, the City issued \$1,310,000 in sewer revenue bonds with an average interest rate of 3.8% to refund the 1994 sewer revenue bonds with an average interest rate of 4.5% and the 1996 sewer revenue bonds with an average interest rate of 5.4%. The City refunded the debt to reduce its total debt service payments over the next four years by \$46,669 and to obtain an economic gain of \$43,097.

In May 2002, the City issued \$195,000 in General Obligation Capital Loan Notes with an average interest rate of 4.1% to refund the 1993 General Obligation Capital Loan Notes with an average interest rate of 5.2%. The City refunded the debt to reduce its total debt service payments over the next six years by \$10,008 and to obtain an economic gain of \$9,042.

In December 2003, the City issued \$3,015,000 of General Obligation Corporate Purpose and Refund Notes in a crossover advance refunding of the 1996A General Obligation Corporate Purpose Notes. The 2003 bonds had an average interest rate of 3.15% and the 1996 bonds which were refunded had an average interest rate of 5.74%. As a result of this refunding, the City reduced its debt service payments over the next seven years by \$167,924, and obtained an economic gain of \$145,045.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 7 - LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 10,255,000		\$ 3,795,000	\$ 6,460,000	\$ 920,000
Compensated Absences	340,303	\$ 221,279	32,370	529,212	529,212
 Governmental Activity Long-Term Liabilities	 10,595,303	 221,279	 3,827,370	 6,989,212	 1,449,212
 Business-Type Activities:					
Bonds Payable:					
General Obligation	2,675,000		80,000	2,595,000	75,000
Revenue Bonds	6,647,767	8,730,259	758,000	14,620,026	822,000
Less Deferred Amounts:					
On Refunding	12,288		6,411	5,877	
Total Bonds Payable	9,310,479	8,730,259	844,411	17,209,149	897,000
Compensated Absences	82,822	106,584	92,710	96,696	96,696
Business-Type Activity Long-Term Liabilities	9,393,301	8,836,843	924,299	17,305,845	993,696
 Component Unit:					
Bonds Payable:					
Revenue Bonds	8,880,000		1,310,000	7,570,000	640,000
Less Deferred Amounts:					
Of Bond Discount	163,600		9,775	153,825	
Total Bonds Payable	\$ 8,716,400	-	\$ 1,300,225	\$ 7,416,175	\$ 640,000

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	Governmental Fund Types					Total	
	General	Debt Service	Community Betterment	Local Option Sales Tax	Nonmajor Governmental	Nonmajor Enterprise	Transfers Out
General	-	\$ 165,014	\$ 97,000		\$ 51,500	-	\$ 313,514
TIF	\$1,410,000	-	-	-	209,604	-	1,619,604
Road Use Tax	400,000	-	-	\$ 26,384	499,334	-	925,718
Local Option Sales Tax	-	92,179	17,500	-	-	-	109,679
Community Betterment	-	327,782	-	-	650,000	\$ 950,000	1,927,782
Nonmajor Governmental	51,305	63,511	9,410		346,775	-	471,001
Water	189,000	-	-	-	-	-	189,000
Sewer	191,000	-	-	-	47,800	-	238,800
Nonmajor Enterprise	36,000	-	15,050		-	-	51,050
Total Transfers In	\$2,277,305	\$ 648,486	\$ 138,960	\$ 26,384	\$ 1,805,013	\$950,000	\$5,846,148

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.
3. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute plan to members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70 percent of their annual covered salary and the City is required to contribute 5.75 percent of annual covered payroll except for, fire employees, in which case, the percentages are 5.93 percent and 8.90 percent, respectively, and law employees who are covered by another plan. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$121,666, \$117,477, and \$103,950, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa - The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 9 - PENSION AND RETIREMENT (CONTINUED)

provides retirement and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate cannot be less than 24.92% of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2005, 2004 and 2003 were \$170,260, \$135,588, and \$106,426 respectively, which met the required minimum contribution for each year.

Note 10 - MAJOR CUSTOMER

During the year ended June 30, 2005, charges for services provided by the sewer utility of the City to Wells' Dairy, Inc. was \$1,267,884. This represents 62% of total sewer charges for service. Charges for services provided by the water utility of the City to Wells' Dairy, Inc. was \$440,696, which represents 30% of total water charges for services.

Note 11 - RESERVES

The following schedule reflects all reservations of fund balances as presented in the fund level statements:

	Long-Term Notes	Debt Service	Endowments Tree Farm	Assets Held for Resale	Total
General Fund	\$ 110,000			\$ 148,263	\$ 258,263
Special Revenue					
Tree Farm			\$ 33,933		33,933
Debt Service		\$29,650			29,650
Capital Projects					
Killeas Industrial Park	854,205				854,205
Permanent Fund					
Cemetery Perpetual Care			131,863		131,863
Total Reserves of Fund Balances	\$ 964,205	\$29,650	\$ 165,796	\$ 148,263	\$ 1307,914

Note 12 - DEFICIT FUND EQUITY

The City has thirteen funds with deficit equity balances at June 30, 2005. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, water fund reserves, and capital project debt financing.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 12 - DEFICIT FUND EQUITY (CONTI UED)

The individual fund deficits were as follows:

Special Revenue – Unemployment	\$ 3,821
Special Revenue – Westmar University TIF	1,291,680
Capital Project – 1994 Street Imp. #1	28,069
Capital Project – 1997 Street Imp. #3	46,005
Capital Project – 1996 Street Imp. - 14 th Ave. E.....	2,525
Capital Project – 1997 Storm Sewer Drainage Imp.....	641,778
Capital Project – 2000 Street Imp. #8	8,685
Capital Project – US 75 Intersections	170,000
Capital Project – 2003 STP-FHWA Projects	114,771
Capital Project – Le Mars Business Park	502,537
Capital Project – Mahogany Ave. Project.....	53,487
Capital Project – TIF Capital Projects	245,938
Capital Project – Airport Runway Extension.....	\$ 36,696

Note 13 - RISK MANAGEMENT

Medical Insurance – As of July 1, 2001, the City began using a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$40,000 per covered employee per year. Settled claims resulting from these or any other of the following risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Service Fund.

	2005	2004
Unpaid claims, beginning of fiscal year	\$ 50,856	\$ 52,328
Incurred claims (including IBNR's)	511,180	337,567
Claim payments	(488,727)	(339,039)
Unpaid claims, end of fiscal year	<u>\$ 73,309</u>	<u>\$ 50,856</u>

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 13 - RISK MANAGEMENT (CONTINUED)

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2005 were \$92,280.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Automobile and property physical damage risks are retained by the Pool, up to \$100,000 each accident, each location, with excess coverage reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the City's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 13 - RISK MANAGEMENT (CONTINUED)

to the annual operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

The City also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

Note 14 - COMMITMENTS

During the year ended June 30, 2005, the City had entered into several construction contracts totaling approximately \$20,759,000 of which approximately \$18,623,000 has been expended to date. The remaining balance will be paid as work progresses.

During the year ended June 30, 2002, the City entered into a 28E Agreement with Plymouth County and surrounding communities to contribute funds for the construction of a County jail from local option sales tax proceeds. The City of Le Mars has agreed to contribute a total of \$2,166,101 through November 2016. As of June 30, 2005, the City has made payments totaling \$439,527.

In April 2005, the City agreed to provide an economic development grant of not to exceed \$200,000 of Le Mars Urban Renewal T.I.F. revenue to assist BoDean's Baking Company in an expansion project. As of June 30, 2005, none of the funds had been disbursed by the City.

Note 15 - CONTINGENCY

The Environmental Protection Agency has now completed the clean up project for the manufactured gas plant site located in Le Mars at 331 1st Street N.E. The Environmental Protection Agency is still in negotiations with the City as well as a 3rd party attempting to determine the amount of liability that each will be responsible for. It appears likely that the EPA will determine the City to be liable for an amount which would prove to be material to the City's financial statements. The City is, however, unable to project an exact cost in this matter at the present time until all of the negotiations currently ongoing between the City and the Environmental Protection Agency are over and they have settled on an exact amount for which the City is liable.

The State of Iowa Environmental Protection Division is still considering the City's appeal of an administrative order imposing a penalty of \$10,000 for violations at the Waste Water Treatment Facility, which occurred during the months of April, May and June of 2000. As of this date, there has been no final decision as to the City's appeal of the penalty in the amount of \$10,000.

Note 16 - JOINT VENTURE

The City of Le Mars has joined with Northwest Rural Electric Cooperative and Long Lines, Ltd. to form Le Mars Communications, LLP, which will provide high-tech telecommunications services to commercial and residential customers in the City of Le Mars and the area immediately surrounding Le Mars. Le Mars Communications, LLP will be establishing a telecommunications system that will

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 16 - JOINT VENTURE (CONTINUED)

initially provide telephone, internet, and high-speed data transmission service to customers in the community. The City owns a 26 percent share of the venture. Summary financial information of the joint venture for the year ended December 31, 2004 follows:

	<u>Total</u>
Assets	<u>\$ 553,348</u>
Liabilities	31,045
Equity	<u>522,303</u>
	<u>553,348</u>
Revenues	267,592
Expenses.....	300,237
Net Decrease in Equity.....	<u>\$ (32,645)</u>

Separately issued financial statements for Le Mars Communications can be obtained from their offices. The joint venture is recorded on the equity method in the governmental activities.

City's Share of Joint Venture:	
Assets.....	26%
Equity.....	26%
Liabilities.....	26%

Note 17 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2002, Industrial Development Revenue Bonds outstanding had an original issue amount of \$1,850,000. The outstanding balance at June 30, 2005 was \$1,850,000.

Note 18 - NOTES RECEIVABLE

In January 2000, the City sold 75.87 acres in the Killeas Industrial Park to the Le Mars Business Initiative Corporation (LBIC) for \$8,000 per acre. In addition, the City and the LBIC have entered into a development agreement for which the City pays all costs to develop this property. The LBIC plans to market the land to prospective businesses. As each lot is sold by the LBIC, the net purchase price will be immediately payable to the City of Le Mars until such time as all costs associated with this project have been repaid. The note receivable as of June 30, 2005 is \$854,205.

CITY OF LE MARS, IOWA
Notes to Financial Statements
June 30, 2005

Note 18 - NOTES RECEIVABLE (CONTINUED)

In August 2004, the City loaned the LBIC \$110,000 which was then passed along to Prime Living Apartments as an Economic Development Loan. The loan is a 20 year 1% loan with interest payments due annually beginning December 31, 2005 and the principal due in a one time balloon payment on or before December 31, 2025.

Note 19 - PLEDGES RECEIVABLE

The City received pledges from individuals and businesses to finance several community betterment projects. The pledges are to be paid over a ten-year period. The receivable at June 30, 2005 is recorded net of allowance for uncollectible of \$110,000 in the government-wide financial statements. In the fund level statements, the receivable, net of allowance for uncollectible of \$16,411, is recorded in the Community Betterment Fund with a deferred revenue for the proceeds to be received after one year.

NOTE 20 - PRIOR PERIOD ADJUSTMENT

In the financial statements for the year ended June 30, 2004, the liability for accrued vacation payable for active employees was recorded in error in the governmental funds. The error affected only the general fund and the beginning fund balance has been adjusted to correct the overstated liability at June 30, 2004.

	<u>General Fund</u>
Beginning fund balance as previously reported	\$ 489,331
Prior period adjustment	129,374
Beginning fund balance, restated	<u>\$ 618,705</u>

NOTE 21- SUBSEQUENT EVENT

In the agreement signed in September 2005 between the City of Le Mars and Southern Sioux County Rural Water System the City acquired the rights to provide water utility services to all parties within the acquired territory. This territory includes property that extends from the existing city limits to the north and west. In consideration for this acquired property the City will pay Southern Sioux \$50,000 per year for six years, with the first payment having been made on September 29, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LE MARS
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds and the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$17,378,500. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2005, disbursements in the debt service function exceeded the amount budgeted.

During the fiscal year 2005, the City had one budget amendment. The amendment was as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/17/05 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 1,832,809	\$ 40,500	\$ 1,873,309
Public Works	722,846	(21,000)	701,846
Health and Social Service	70,000	-	70,000
Culture & Recreation	1,185,679	82,000	1,267,679
Community & Economic Development	347,932	640,000	987,932
General Government	1,140,579	-	1,140,579
Debt Service	1,410,801	2,754,222	4,165,023
Capital Projects	1,595,450	1,942,128	3,537,578
Business Type/Enterprise	22,994,515	11,940,650	34,935,165
Total	<u>\$ 31,300,611</u>	<u>\$ 17,378,500</u>	<u>\$ 48,679,111</u>

CITY OF LE MARS
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

The following schedule demonstrates the City's legal compliance to the budget that includes the component unit.

<u>Program</u>	<u>Amended Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Public Safety	\$ 1,873,309	\$ 1,855,161	\$ 18,148
Public Works	701,846	691,702	10,144
Health and Social Service	70,000	66,840	3,160
Culture & Recreation	1,267,679	1,159,285	108,394
Community & Economic Development	987,932	931,505	56,427
General Government	1,140,579	1,074,138	66,441
Debt Service	4,165,023	4,175,199	(10,176)
Capital Projects	3,537,578	2,181,327	1,356,251
Business Type/Enterprise	34,935,165	32,518,371	2,416,794
Total	<u>\$ 48,679,111</u>	<u>\$ 44,653,528</u>	<u>\$ 4,025,583</u>

As noted previously, the actual results of operations are presented in accordance with generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2004-05 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the City's budgeted expenditures/expenses. The adjustments required to convert the expenses to cash basis at the end of the year are as follows:

<u>Governmental Fund Types</u>			
	<u>Cash Basis</u>	<u>General Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 3,529,598	\$ 30,747	\$ 3,560,345
Expenditures	5,280,563	(149,564)	5,130,999
Net	(1,750,965)	180,311	(1,570,654)
Other Financing Sources (Uses)	1,795,857	167,934	1,963,791
Beginning Fund Balance	662,886	(44,181)	618,705
Ending Fund Balance	<u>\$ 707,778</u>	<u>\$ 304,064</u>	<u>\$ 1,011,842</u>

<u>Governmental Fund Types</u>			
	<u>Cash Basis</u>	<u>TIF Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 1,619,604	\$ 611	\$ 1,620,215
Expenditures	-	-	-
Net	1,619,604	611	1,620,215
Other Financing Sources (Uses)	(1,619,604)	-	(1,619,604)
Beginning Fund Balance	-	4,524	4,524
Ending Fund Balance	<u>-</u>	<u>\$ 5,135</u>	<u>\$ 5,135</u>

CITY OF LE MARS
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

	Governmental Fund Types		
	Road Use Tax		Modified
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 768,019	\$ (1,120)	\$ 766,899
Expenditures	134,702	(1,815)	132,887
Net	633,317	695	634,012
Other Financing Sources (Uses)	(925,718)	-	(925,718)
Beginning Fund Balance	791,952	58,817	850,769
Ending Fund Balance	<u>\$ 499,551</u>	<u>\$ 59,512</u>	<u>\$ 559,063</u>

	Governmental Fund Types		
	Local Option Sales Tax		Modified
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 766,418	\$ 113	\$ 766,531
Expenditures	534,279	34,868	569,147
Net	232,139	(34,755)	197,384
Other Financing Sources (Uses)	(83,295)	-	(83,295)
Beginning Fund Balance	56,897	96,601	153,498
Ending Fund Balance	<u>\$ 205,741</u>	<u>\$ 61,846</u>	<u>\$ 267,587</u>

	Governmental Fund Types		
	Community Betterment Project		Modified
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 456,720	\$ (8,880)	\$ 447,840
Expenditures	79,076	-	79,076
Net	377,644	(8,880)	368,764
Other Financing Sources (Uses)	(1,788,822)	-	(1,788,822)
Beginning Fund Balance	1,791,439	429,875	2,221,314
Ending Fund Balance	<u>\$ 380,261</u>	<u>\$ 420,995</u>	<u>\$ 801,256</u>

	Governmental Fund Types		
	Debt Service		Modified
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 580,402	\$ 44,948	\$ 625,350
Expenditures	4,174,999	(2,855,559)	1,319,440
Net	(3,594,597)	2,900,507	(694,090)
Other Financing Sources (Uses)	648,486	-	648,486
Beginning Fund Balance	2,971,980	(2,896,726)	75,254
Ending Fund Balance	<u>\$ 25,869</u>	<u>\$ 3,781</u>	<u>\$ 29,650</u>

CITY OF LE MARS
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

Governmental Fund Types			
Non-Major Governmental Funds			
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 860,595	\$ 75,761	\$ 936,356
Expenditures	2,010,613	220,369	2,230,982
Net	(1,150,018)	(144,608)	(1,294,626)
Other Financing Sources (Uses)	1,334,012	-	1,334,012
Beginning Fund Balance	(3,154,719)	804,206	(2,350,513)
Ending Fund Balance	\$ (2,970,725)	\$ 659,598	\$ (2,311,127)

Enterprise Fund Types			
Water System			
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 1,579,626	\$ 6,140	\$ 1,585,766
Expenses	4,822,504	(3,695,246)	1,127,258
Net	(3,242,878)	3,701,386	458,508
Other Financing Sources (Uses)	3,502,711	(3,691,711)	(189,000)
Beginning Net Assets	734,024	5,071,268	5,805,292
Ending Net Assets	\$ 993,857	\$ 5,080,943	\$ 6,074,800

Enterprise Fund Types			
Sewer System			
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 1,935,030	\$ 166,993	\$ 2,102,023
Expenses	7,100,426	(5,300,879)	1,799,547
Net	(5,165,396)	5,467,872	302,476
Other Financing Sources (Uses)	5,287,968	(5,526,768)	(238,800)
Beginning Net Assets	159,935	7,497,323	7,657,258
Ending Net Assets	\$ 282,507	\$ 7,438,427	\$ 7,720,934

Enterprise Fund Types			
Non-Major Enterprise Funds			
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 925,307	\$ 20,632	\$ 945,939
Expenses	1,276,138	(436,800)	839,338
Net	(350,831)	457,432	106,601
Other Financing Sources (Uses)	894,616	4,334	898,950
Beginning Net Assets	68,913	1,353,117	1,422,030
Ending Net Assets	\$ 612,698	\$ 1,814,883	\$ 2,427,581

CITY OF LE MARS
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

	Primary Government Excluding Internal Service		
	Cash Basis	Accrual Adjustments	Modified/Full Accrual Basis
Revenues	\$ 13,021,319	\$ 335,945	\$ 13,357,264
Expenditures	25,413,300	(12,184,626)	13,228,674
Net	(12,391,981)	12,520,571	128,590
Other Financing Sources (Uses)	9,046,211	(9,046,211)	-
Beginning Fund Balance	4,083,307	12,374,824	16,458,131
Ending Fund Balance	<u>\$ 737,537</u>	<u>\$ 15,849,184</u>	<u>\$ 16,586,721</u>

	Component Unit Floyd Valley Hospital		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 17,327,097	\$ 742,631	\$ 18,069,728
Expenses	19,240,228	(12,187,928)	17,052,300
Net	(1,913,131)	2,930,559	1,017,428
Other Financing Sources (Uses)	-	-	-
Beginning Net Assets	9,331,988	3,021,956	12,353,944
Ending Net Assets	<u>\$ 7,418,857</u>	<u>\$ 5,952,515</u>	<u>\$ 13,371,372</u>

	Total Government (Excluding Internal Service) Including Component Unit		
	Cash Basis	Accrual Adjustments	Modified/Full Accrual Basis
Revenues	\$ 30,348,416	\$ 1,078,576	\$ 31,426,992
Expenses	44,653,528	(14,372,554)	30,280,974
Net	(14,305,112)	15,451,130	1,146,018
Other Financing Sources (Uses)	9,046,211	(9,046,211)	-
Beginning Net Assets	13,415,295	15,396,780	28,812,075
Ending Net Assets	<u>\$ 8,156,394</u>	<u>\$ 21,801,699</u>	<u>\$ 29,958,093</u>

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CITY OF LE MARS, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2005

	Special Revenue Funds						
	Fire Department Service	Westmar University TIF	CDBG Home Fund	CDBG Land Fund	Hospital TIF	Project Impact	Housing Review Board
Assets							
Cash and Pooled Investments	\$ 248	\$ -	\$ 23	\$ 5,025	\$ -	\$ -	\$ 2,151
Investments	-	-	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)							
Taxes	-	-	-	-	-	-	-
Subsequent Year Taxes	-	183,332	-	-	68,698	-	-
Notes Receivable	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-	-	-
Total Assets	248	183,332	23	5,025	68,698	-	2,151
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	-	15,843	-	-	-	-	-
Accrued Wages	-	499	-	-	-	-	-
Due to Other Funds	-	1,275,338	-	-	-	-	-
Deferred Revenue - Subsequent Year Taxes	-	183,332	-	-	68,698	-	-
Total Liabilities	-	1,475,012	-	-	68,698	-	-
Fund Balances:							
Reserved for:							
Perpetual Care	-	-	-	-	-	-	-
Tree Farm	-	-	-	-	-	-	-
Long-term Notes	-	-	-	-	-	-	-
Unreserved	248	(1,291,680)	23	5,025	-	-	2,151
Total Fund Balances (Deficits)	248	(1,291,680)	23	5,025	-	-	2,151
Total Liabilities and Equity	\$ 248	\$ 183,332	\$ 23	\$ 5,025	\$ 68,698	\$ -	\$ 2,151

Special Revenue Funds						
Police Pension Fund	Olson Event Center	Unemploy- ment	Special Law Enforcement	Tree Farm	Hotel/ Motel Tax	
\$ 2,296	\$ -	\$ -	\$ 4,807	\$ 15,295	\$ 45,055	
-	-	-	-	-	-	
1,547	-	113	-	-	-	
204,972	-	15,013	-	-	-	
-	-	-	-	-	-	
7,246	-	-	-	18,638	-	
-	-	-	-	-	29,213	
216,061	-	15,126	4,807	33,933	74,268	
-	-	-	-	-	12,218	
-	-	-	-	-	-	
-	-	3,934	-	-	-	
204,972	-	15,013	-	-	-	
204,972	-	18,947	-	-	12,218	
-	-	-	-	-	-	
-	-	-	-	33,933	-	
-	-	-	-	-	-	
11,089	-	(3,821)	4,807	-	62,050	
11,089	-	(3,821)	4,807	33,933	62,050	
\$ 216,061	\$ -	\$ 15,126	\$ 4,807	\$ 33,933	\$ 74,268	

CITY OF LE MARS, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2005

JUNE 30, 2005

	Capital Projects						
	1994		1997		1996	14th	Recreation
	Street Imp.	Swimming	Street Imp.	Killeas	Street Imp.	Ave	Trail
	#1	Pool	#3	Industrial Park	14th Ave E	Infrastructure	Improvements
Assets							
Cash and Pooled Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,289
Investments	-	-	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)							
Taxes	-	-	-	-	-	-	-
Subsequent Year Taxes	-	-	-	-	-	-	-
Notes Receivable	-	-	-	854,205	-	-	-
Due from Other Funds	-	-	-	-	-	-	80,836
Due from Other Governmental Agencies	-	-	-	62,478	7,225	-	-
Total Assets	-	-	-	916,683	7,225	-	87,125
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	-	-	-	-	-	-	19,300
Accrued Wages	-	-	-	-	-	-	-
Due to Other Funds	28,069	-	46,005	664,643	9,750	-	-
Deferred Revenue - Subsequent Year Taxes	-	-	-	-	-	-	-
Total Liabilities	28,069	-	46,005	664,643	9,750	-	19,300
Fund Balances:							
Reserved for:							
Perpetual Care	-	-	-	-	-	-	-
Tree Farm	-	-	-	-	-	-	-
Long-term Notes	-	-	-	854,205	-	-	-
Unreserved	(28,069)	-	(46,005)	(602,165)	(2,525)	-	67,825
Total Fund Balances	(28,069)	-	(46,005)	252,040	(2,525)	-	67,825
Total Liabilities and Equity	\$ -	\$ -	\$ -	\$ 916,683	\$ 7,225	\$ -	\$ 87,125

Capital Projects									
Airport Runway Extension	2002 Street Imp. #3	CDBG/ Weidler Renovation	2000 Street Imp. #8	2002 Street Imp. #12	TIF Capital Projects	CWC Renovation Project	2003 STP-FHWA Projects	LeMars Business Park	Storm Sewer Drainage Imp.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,683	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	300,000	-	-	-
-	-	-	-	-	243,039	-	-	-	-
-	-	-	-	-	243,039	309,683	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	11,523	45,872	113,863	-	147,696
-	-	-	-	-	-	-	-	-	-
36,696	-	-	8,685	-	477,454	-	908	502,537	494,082
-	-	-	-	-	-	-	-	-	-
36,696	-	-	8,685	-	488,977	45,872	114,771	502,537	641,778
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(36,696)	-	-	(8,685)	-	(245,938)	263,811	(114,771)	(502,537)	(641,778)
(36,696)	-	-	(8,685)	-	(245,938)	263,811	(114,771)	(502,537)	(641,778)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,039	\$ 309,683	\$ -	\$ -	\$ -

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CITY OF LE MARS, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2005

	Capital Projects		Permanent Fund Cemetery Perpetual Care Fund	Total Governmental Nonmajor Funds
	Mahogany Avenue Project	US 75 Intersections		
Assets				
Cash and Pooled Investments	\$ -	\$ -	\$ 150	\$ 91,022
Investments	-	-	131,713	131,713
Receivables (Net, where applicable, of allowance for uncollectibles)				
Taxes	-	-	-	1,660
Subsequent Year Taxes	-	-	-	472,015
Notes Receivable	-	-	-	854,205
Due from Other Funds	-	-	-	406,720
Due from Other Governmental Agencies	-	-	-	341,955
Total Assets	-	-	131,863	2,299,290
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	1,408	170,000	-	537,723
Accrued Wages	-	-	-	499
Due to Other Funds	52,079	-	-	3,600,180
Deferred Revenue - Subsequent Year Taxes	-	-	-	472,015
Total Liabilities	53,487	170,000	-	4,610,417
Fund Balances:				
Reserved for:				
Perpetual Care	-	-	131,863	131,863
Tree Farm	-	-	-	33,933
Long-term Notes	-	-	-	854,205
Unreserved	(53,487)	(170,000)	-	(3,331,128)
Total Fund Balances	(53,487)	(170,000)	131,863	(2,311,127)
Total Liabilities and Equity	\$ -	\$ -	\$ 131,863	\$ 2,299,290

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2005

	Special Revenue Funds						
	Fire Department Service	Westmar University TIF	CDBG Home Fund	CDBG Land Fund	Hospital TIF	Project Impact	Housing Review Board
Revenue:							
Taxes	\$ -	\$ 155,485	\$ -	\$ -	\$ 66,840	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	300
Intergovernmental Revenue	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Refunds/Reimbursements	-	927	11,667	16,667	-	-	-
Rental Income	-	28,111	-	-	-	-	-
Proceeds from Sale of Real Estate	-	4,200	-	-	-	-	-
Interest	-	-	63	98	-	-	-
Total Revenue	-	188,723	11,730	16,765	66,840	-	300
Expenditures:							
Public Safety	675	-	-	-	-	-	-
Health and Social Services	-	-	-	-	66,840	-	-
Culture and Recreation	-	-	-	-	-	-	-
Community and Economic Development	-	143,813	-	-	-	-	96
General Government	-	-	-	-	-	-	-
Capital Projects	-	-	18,170	23,961	-	-	-
Total Expenditures	675	143,813	18,170	23,961	66,840	-	96
Excess (deficiency) of revenues over expenditures	(675)	44,910	(6,440)	(7,196)	-	-	204
Other financing sources (uses):							
Transfers In	500	10,000	-	-	-	202,914	-
Transfers Out	-	(410,285)	-	-	-	-	-
Total other financing sources (uses)	500	(400,285)	-	-	-	202,914	-
Net Change in Fund Balance	(175)	(355,375)	(6,440)	(7,196)	-	202,914	204
Fund balances (deficits) -beginning of year	423	(936,305)	6,463	12,221	-	(202,914)	1,947
Fund balances (deficits) - end of year	\$ 248	\$ (1,291,680)	\$ 23	\$ 5,025	\$ -	\$ -	\$ 2,151

Special Revenue Funds					
Police Pension Fund	Olson Event Center	Unemploy- ment	Special Law Enforcement	Tree Farm	Hotel/ Motel Tax
\$ 172,401	\$ -	\$ 15,029	\$ -	\$ -	\$ 99,369
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,000	-
-	50	-	-	-	-
-	-	-	4,714	-	-
111	98	-	24	213	126
172,512	148	15,029	4,738	5,213	99,495
170,260	-	-	3,425	-	-
-	-	-	-	-	-
-	2,907	-	-	-	-
-	-	-	-	-	79,675
-	-	9,635	-	-	-
-	-	-	-	-	-
170,260	2,907	9,635	3,425	-	79,675
2,252	(2,759)	5,394	1,313	5,213	19,820
-	-	-	-	2,000	-
-	(25,912)	-	-	-	-
-	(25,912)	-	-	2,000	-
2,252	(28,671)	5,394	1,313	7,213	19,820
8,837	28,671	(9,215)	3,494	26,720	42,230
\$ 11,089	\$ -	\$ (3,821)	\$ 4,807	\$ 33,933	\$ 62,050

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2005

	Capital Projects						
	1994 Street Imp. #1	Swimming Pool	1997 Street Imp. #3	Killeas Industrial Park	1996 Street Imp. 14th Ave E	14th Ave Infrastructure	Recreation Trail Improvements
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	62,478	-	-	-
Charges for Services	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Refunds/Reimbursements	-	6,893	-	1,120	-	-	-
Rental Income	-	-	-	-	-	-	-
Proceeds from Sale of Real Estate	-	-	-	-	-	-	-
Interest	-	55	-	-	-	104	658
Total Revenue	-	6,948	-	63,598	-	104	658
Expenditures:							
Public Safety	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-
Capital Projects	-	-	-	22,868	2,465	-	32,863
Total Expenditures	-	-	-	22,868	2,465	-	32,863
Excess (deficiency) of revenues over expenditures	-	6,948	-	40,730	(2,465)	104	(32,205)
Other financing sources (uses):							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	(9,411)	-	-	-	(25,393)	-
Total other financing sources (uses)	-	(9,411)	-	-	-	(25,393)	-
Net Change in Fund Balance	-	(2,463)	-	40,730	(2,465)	(25,289)	(32,205)
Fund balances (deficits) -beginning of year	(28,069)	2,463	(46,005)	211,310	(60)	25,289	100,030
Fund balances (deficits) - end of year	\$ (28,069)	\$ -	\$ (46,005)	\$ 252,040	\$ (2,525)	\$ -	\$ 67,825

Capital Projects									
Airport Runway Extension	2002 Street Imp. #3	CDBG/ Weidler Renovation	2000 Street Imp. #8	2002 Street Imp. #12	TIF Capital Projects	CWC Renovation Project	2003 STP-FHWA Projects	LeMars Business Park	Storm Sewer Drainage Imp.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	243,039	-	-	-	-
-	-	-	-	13,179	-	-	-	-	-
-	-	-	-	807	9,003	3,815	-	6,683	-
-	-	-	-	-	-	3,815	-	-	-
-	-	-	-	-	30	749	40	-	-
-	-	-	-	13,986	252,072	8,379	40	6,683	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
25,146	-	-	-	33,836	726,521	186,168	133,017	75,184	419,970
25,146	-	-	-	33,836	726,521	186,168	133,017	75,184	419,970
(25,146)	-	-	-	(19,850)	(474,449)	(177,789)	(132,977)	(68,501)	(419,970)
-	139,657	385,774	-	204,564	209,604	650,000	-	-	-
-	139,657	385,774	-	204,564	209,604	650,000	-	-	-
(25,146)	139,657	385,774	-	184,714	(264,845)	472,211	(132,977)	(68,501)	(419,970)
(11,550)	(139,657)	(385,774)	(8,685)	(184,714)	18,907	(208,400)	18,206	(434,036)	(221,808)
\$ (36,696)	\$ -	\$ -	\$ (8,685)	\$ -	\$ (245,938)	\$ 263,811	\$ (114,771)	\$ (502,537)	\$ (641,778)

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2005

	Capital Projects		Permanent Fund	Total Governmental Nonmajor Funds
	Mahogany Avenue Project	US 75 Intersections	Cemetery Perpetual Care Fund	
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ 509,124
Licenses and Permits	-	-	-	300
Intergovernmental Revenue	-	-	-	305,517
Charges for Services	-	-	2,395	15,574
Contributions	-	-	-	5,000
Refunds/Reimbursements	-	-	-	57,582
Rental Income	-	-	-	28,161
Proceeds from Sale of Real Estate	-	-	-	12,729
Interest	-	-	-	2,369
Total Revenue	-	-	2,395	936,356
Expenditures:				
Public Safety	-	-	-	174,360
Health and Social Services	-	-	-	66,840
Culture and Recreation	-	-	-	2,907
Community and Economic Development	-	-	-	223,584
General Government	-	-	-	9,635
Capital Projects	53,487	-	-	1,753,656
Total Expenditures	53,487	-	-	2,230,982
Excess (deficiency) of revenues over expenditures	(53,487)	-	2,395	(1,294,626)
Other financing sources (uses):				
Transfers In	-	-	-	1,805,013
Transfers Out	-	-	-	(471,001)
Total other financing sources (uses)	-	-	-	1,334,012
Net Change in Fund Balance	(53,487)	-	2,395	39,386
Fund balances (deficits) -beginning of year	-	(170,000)	129,468	(2,350,513)
Fund balances (deficits) - end of year	\$ (53,487)	\$ (170,000)	\$ 131,863	\$ (2,311,127)

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF NET ASSETS
Enterprise Nonmajor Funds
June 30, 2005

	Business Type Activities		
	Golf Course	Solid Waste	Total
ASSETS			
Cash and Cash Equivalents	\$ 128,835	\$ -	\$ 128,835
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	1,675	20,443	22,118
Estimated Unbilled Usage	-	36,771	36,771
Due from Other Funds	557,335	-	557,335
Land	300,886	-	300,886
Construction in Progress	891,702	-	891,702
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	484,166	113,314	597,480
Total Assets	2,364,599	170,528	2,535,127
LIABILITIES			
Accounts Payable	5,663	28,411	34,074
Due to Other Funds	-	73,472	73,472
Total Liabilities	5,663	101,883	107,546
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,676,754	113,314	1,790,068
Unrestricted	682,182	(44,669)	637,513
Total Net Assets	\$ 2,358,936	\$ 68,645	\$ 2,427,581

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Enterprise Nonmajor Funds
For the Year Ended June 30, 2005

	Business Type Activities		
	Golf Course	Solid Waste	Total
Operating Revenues:			
Charges for Services	\$ 278,782	\$ 661,487	\$ 940,269
Total Operating Revenue	<u>278,782</u>	<u>661,487</u>	<u>940,269</u>
Operating Expenses:			
Commissions	26,031	-	26,031
Contract Services	118,680	525,976	644,656
Supplies	63,662	-	63,662
Repairs and Improvements	12,341	7,795	20,136
Utilities	10,532	-	10,532
Miscellaneous	16,698	578	17,276
Depreciation	51,081	5,964	57,045
Total Operating Expenses	<u>299,025</u>	<u>540,313</u>	<u>839,338</u>
Operating Income (Loss)	(20,243)	121,174	100,931
Non-Operating Income:			
Interest Income	656	-	656
Other Non-operating Revenues	2,368	2,646	5,014
Total Non-Operating Income	<u>3,024</u>	<u>2,646</u>	<u>5,670</u>
Income (Loss) Before Transfers	(17,219)	123,820	106,601
Transfers In	950,000	-	950,000
Transfers (Out)	<u>(33,550)</u>	<u>(17,500)</u>	<u>(51,050)</u>
Change in Net Assets	899,231	106,320	1,005,551
Net assets - beginning	<u>1,459,705</u>	<u>(37,675)</u>	<u>1,422,030</u>
Net assets - ending	<u>\$ 2,358,936</u>	<u>\$ 68,645</u>	<u>\$ 2,427,581</u>

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF CASH FLOWS
Enterprise Nonmajor Funds
For the Year Ended June 30, 2005

	Business Type Activities		
	Golf Course	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 278,823	\$ 640,816	\$ 919,639
Cash Paid to Suppliers for Goods and Services	(255,380)	(505,938)	(761,318)
Other Nonoperating Income	2,368	2,646	5,014
Net Cash Provided by Operating Activities	25,811	137,524	163,335
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(415,265)	(119,278)	(534,543)
Net Cash (Used) for Capital and Related Financing Activities	(415,265)	(119,278)	(534,543)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers From (To) Other Funds	916,450	(17,500)	898,950
Advances From (To) Other Funds	15,387		15,387
Due From (To) Other Funds	(557,335)	(746)	(558,081)
Net Cash Provided (Used) for Non-Capital Financing Activities	374,502	(18,246)	356,256
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	656	-	656
Net (Decrease) in Cash and Cash Equivalents	(14,296)	-	(14,296)
Cash and Cash Equivalents at Beginning of Year	143,131	-	143,131
Cash and Cash Equivalents at End of Year	\$ 128,835	\$ -	\$ 128,835
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Net Operating Income (Loss)	\$ (20,243)	\$ 121,174	\$ 100,931
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	51,081	5,964	57,045
Miscellaneous Non-Operating Income	2,368	2,646	5,014
(Increase) Decrease in Assets:			
Accounts Receivable	41	(7,566)	(7,525)
Estimated Unbilled Usage		(13,105)	(13,105)
Increase (Decrease) in Liabilities:			
Accounts Payable	(7,436)	28,411	20,975
Net Cash Provided by Operating Activities	\$ 25,811	\$ 137,524	\$ 163,335

CITY OF LE MARS, IOWA
COMBINING STATEMENT OF NET ASSETS
Agency Funds
JUNE 30, 2005

	Flex Account	Payroll Clearing	Total
ASSETS			
Cash and Cash Equivalents	\$ 9,785	\$ 69,552	\$ 79,337
Total Assets	<u>9,785</u>	<u>69,552</u>	<u>79,337</u>
LIABILITIES			
Accounts Payable	9,035	69,552	78,587
Due to Other Governments	<u>750</u>	<u> </u>	<u>750</u>
Total Liabilities	<u>9,785</u>	<u>69,552</u>	<u>79,337</u>
NET ASSETS			
Unrestricted	-	-	-
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LE MARS, IOWA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>PAYROLL CLEARING</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 72,593	\$ 3,487,825	\$ 3,490,866	\$ 69,552
Total Assets	72,593	3,487,825	3,490,866	69,552
<u>Liabilities</u>				
Accounts Payable	72,593	3,487,825	3,490,866	69,552
Total Liabilities	72,593	3,487,825	3,490,866	69,552
<u>FLEX</u>				
<u>Assets</u>				
Cash and Cash Equivalents	2,489	29,839	22,543	9,785
Total Assets	2,489	29,839	22,543	9,785
<u>Liabilities</u>				
Accounts Payable	1,739	29,839	22,543	9,035
Due to Other Governments	750			750
Total Liabilities	\$ 2,489	\$ 29,839	\$ 22,543	\$ 9,785
<u>ALL AGENCY FUNDS TOTAL</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 75,082	\$ 3,517,664	\$ 3,513,409	\$ 79,337
Total Assets	75,082	3,517,664	3,513,409	79,337
<u>Liabilities</u>				
Accounts Payable	74,332	3,517,664	3,513,409	78,587
Due to Other Governments	750	-	-	750
Total Liabilities	\$ 75,082	\$ 3,517,664	\$ 3,513,409	\$ 79,337

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CITY OF LE MARS, IOWA

TABLE I

**General Governmental Expenditures By Function
General, Special Revenue, and Debt Service Funds
Last Ten Fiscal Years**

YEAR	COMMUNITY PROTECTION/ PUBLIC SAFETY	HUMAN DEVELOPMENT/ CULTURE & REC	HOME & COMM. ENV./ PUBLIC WORKS	HEALTH AND SOCIAL SERVICES	COMMUNITY & ECONOMIC DEVELOPMENT	GENERAL ADMIN./ GENERAL GOV'T	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
1995-96	1,079,906	595,770	999,772			938,135			3,613,583
1996-97	1,192,036	1,095,861	1,017,114			955,497			4,260,508
1997-98	1,191,350	1,387,957	647,740			1,566,479			4,793,526
1998-99	1,280,376	1,983,711	918,405			940,706			5,123,198
1999-00	1,619,953	2,316,234	1,173,974			979,814			6,089,975
2000-01	1,502,032	2,062,406	1,386,125			799,351			5,749,914
2001-02	1,614,335	2,375,031	1,810,930			769,948			6,570,244
2002-03	1,870,184	1,072,516	680,930	60,869	920,159	858,423	1,135,420	811,494	7,409,995
2003-04	1,826,261	1,058,645	736,916	63,694	457,204	982,074	1,244,803	1,302,940	7,672,537
2004-05	1,782,238	1,190,771	701,852	66,840	790,378	1,076,897	743,514	1,319,440	7,671,930

TABLE II

**General Governmental Revenues By Source
General, Special Revenue, and Debt Service Funds
Last Ten Fiscal Years**

YEAR	TAXES	SPECIAL ASSESSMENTS	PERMITS AND LICENSES	INTER- GOVERNMENTAL REVENUES	CHARGES FOR SERVICES	FINES AND FORFEITURES	USE OF MONEY AND MISCELLANEOUS	TOTAL
1995-96	1,782,643	4,190	77,399	776,710	215,699	33,237	157,731	3,047,609
1996-97	1,858,796	44,809	89,057	828,820	211,667	33,753	253,755	3,320,657
1997-98	2,451,925	6,936	88,247	865,660	281,804	25,273	300,603	4,020,448
1998-99	3,000,013	7,907	137,842	1,074,373	377,787	29,128	611,887	5,238,937
1999-00	3,155,433	361	111,103	1,313,668	271,620	30,865	524,582	5,407,632
2000-01	3,246,349	342	112,606	1,370,780	329,285	22,846	582,929	5,665,137
2001-02	3,808,667	9,473	132,705	1,273,151	350,918	26,664	626,938	6,228,516
2002-03	4,708,758	1,050	103,165	1,164,341	326,723	24,479	1,081,921	7,410,437
2003-04	4,993,410	-	141,041	1,014,094	434,420	18,600	494,589	7,096,154
2004-05	5,706,852	-	141,533	986,998	493,117	15,726	576,607	7,920,833

TABLE III

**Property Tax Levies and Collections
Last Ten Fiscal Years**

COLLECTION YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	COLLECTIONS AS PERCENT OF CURRENT LEVY
1995-96	1,766,302	1,755,425	99.38%	6,625	1,762,050	99.76%
1996-97	1,799,013	1,798,700	99.98%	3,387	1,802,087	100.17%
1997-98	2,121,310	2,115,533	99.73%	3,005	2,118,538	99.87%
1998-99	2,640,129	2,645,836	100.22%	2	2,645,838	100.22%
1999-00	2,735,194	2,726,931	99.70%	4,091	2,731,022	99.85%
2000-01	2,769,075	2,743,521	99.08%	67	2,743,588	99.08%
2001-02	2,883,768	2,854,586	98.99%	5,161	2,859,747	99.17%
2002-03	2,883,298	2,892,661	100.32%	-	2,892,661	100.32%
2003-04	2,883,298	2,884,843	100.05%	-	2,884,843	100.05%
2004-05	3,001,283	2,998,406	99.90%	-	2,998,406	99.90%

CITY OF LE MARS, IOWA

TABLE IV

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

COLLECTION YEAR	REAL PROPERTY		PERSONAL PROPERTY		UTILITIES		TOTAL		% TO VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1995-96	171,561,726	226,224,466	8,255,207	8,255,207	10,576,237	10,879,896	190,393,170	245,359,569	77.60%
1996-97	173,387,911	253,464,662	10,926,641	10,926,641	9,942,011	9,949,065	194,256,563	274,340,368	70.81%
1997-98	176,567,988	258,555,472	12,809,581	12,809,581	12,387,885	12,387,885	201,765,454	283,752,938	71.11%
1998-99	183,743,613	286,762,637	11,473,351	11,473,351	18,360,047	18,367,797	213,577,011	316,603,785	67.46%
1999-00	194,424,271	293,600,806	8,255,593	8,255,593	19,170,040	19,170,040	221,849,904	321,026,439	69.11%
2000-01	201,045,456	309,405,587	6,270,547	6,270,547	16,989,124	16,989,124	224,305,127	332,665,258	67.43%
2001-02	212,597,143	321,178,109	2,362,302	2,362,302	17,075,244	17,075,244	232,034,689	340,615,655	68.12%
2002-03	203,024,831	332,811,943	1,110,872	1,110,872	16,974,577	16,974,577	221,110,280	350,897,392	63.01%
2003-04	206,738,104	338,300,725	-	-	17,508,425	17,508,425	224,246,529	355,809,150	63.02%
2004-05	211,216,863	351,730,851	-	-	17,437,171	17,412,195	228,654,034	369,143,046	61.94%

TABLE V

Property Tax Rates And Tax Levies
Direct and Overlapping Governments
Last Ten Fiscal Years

YEAR	CITY	TAX RATES PER \$1,000			TOTAL
		SCHOOL DISTRICT	COUNTY CONSOL.	VOCATIONAL SCHOOL	
1995-96	9.26704	12.40722	3.21369	0.53795	25.42590
1996-97	9.26719	11.42265	3.11008	0.53266	24.33258
1997-98	9.95000	11.37797	3.17577	0.60796	25.11170
1998-99	11.95000	10.43685	3.10404	0.59515	26.08604
1999-00	11.95000	10.19925	2.90059	0.55951	25.60935
2000-01	11.95000	10.33518	2.90365	0.60985	25.79868
2001-02	11.97885	10.52094	3.09590	0.62121	26.21690
2002-03	12.64143	12.06944	3.19905	0.94866	28.85858
2003-04	12.34308	12.32176	3.57641	0.54141	28.78266
2004-05	12.34001	12.34810	4.11044	0.57204	29.37059

TAX LEVIES

1995-96	1,766,302	2,347,548	608,087	101,785	4,823,722
1996-97	1,799,013	2,205,555	600,513	102,849	4,707,930
1997-98	2,121,310	2,282,543	637,094	121,963	5,162,910
1998-99	2,640,129	2,216,904	659,333	126,417	5,642,783
1999-00	2,735,194	2,242,282	637,688	123,007	5,738,171
2000-01	2,769,075	2,296,925	645,317	135,535	5,846,852
2001-02	2,883,768	2,418,500	711,670	142,801	6,156,739
2002-03	2,883,298	2,642,924	700,517	207,734	6,434,473
2003-04	2,883,298	2,741,415	795,700	120,456	6,540,869
2004-05	3,001,283	2,856,154	950,757	132,315	6,940,509

CITY OF LE MARS, IOWA

TABLE VI

Principal Taxpayers

TAXPAYER	TYPE OF BUSINESS	ESTIMATED ACTUAL VALUE	PERCENTAGE OF TOTAL ESTIMATED ACTUAL VALUE
WELLS DAIRY, INC.	COMMERICAL DAIRY	\$43,080,039	11.67%
MID AMERICAN ENERGY	UTILITY COMPANY	15,951,146	4.32%
NOR-AM COLD STORAGE INC.	COLD STORAGE FACILITY	8,799,030	2.38%
WAL-MART STORES INC.	DISCOUNT RETAIL STORE	6,702,360	1.82%
CCS REALTY CO. (CLOVERLEAF)	COLD STORAGE FACILITY	4,259,160	1.15%
ROGER & BETTY ATHENS	REAL ESTATE	3,633,533	0.98%
HARKER'S DISTRIBUTION, INC.	FOOD PROCESSOR	3,057,643	0.83%
TERRY & LISA MESSELHISER	REAL ESTATE	2,828,910	0.77%
BEKINS PROPERTY INC.	COLD STORAGE FACILITY	2,658,780	0.72%
DEAN JACOBSON	COMMERCIAL BAKERY	2,150,910	0.58%
	TOTAL	93,121,511	25.23%
	ALL OTHERS	276,021,535	74.77%
		<u>\$ 369,143,046</u>	<u>100.00%</u>

TABLE VII

Computation of Legal Debt Margin

June 30, 2005

2003-04 ESTIMATED ACTUAL VALUATION:

REAL ESTATE	\$449,108,676
PERSONAL PROPERTY	-
UTILITIES	17,412,124
	<u>\$466,520,800</u>

DEBT LIMIT - 5% OF ESTIMATED ACTUAL VALUATION

\$23,326,040

AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT

GENERAL BONDED DEBT	9,055,000
* OTHER DEBT	22,190,026
	<u>31,245,026</u>

LESS:

* REVENUE BONDS	22,190,026
	<u>9,055,000</u>

AMOUNT AVAILABLE FOR REPAYMENT OF GENERAL

OBLIGATION DEBT

29,650

TOTAL DEBT APPLICABLE TO DEBT LIMIT

9,025,350

LEGAL DEBT MARGIN

\$14,300,690

*Includes Floyd Valley Hospital(Discrete Component Unit).

CITY OF LE MARS, IOWA
TABLE VIII

Special Assessment Collections
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Current Assessments Collected	Percentage of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1995-96	7,215	6,176	86%	18,241
1996-97	7,957	7,516	94%	61,473
1997-98	6,330	8,297	131%	14,129
1998-99	5,026	12,715	253%	3,226
1999-00	1,546	1,412	91%	1,814
2000-01	344	210	61%	1,604
2001-02	344	210	61%	1,394
2002-03	1,394	1,260	90%	134
2003-04	134	0	0%	134
2004-05	134	0	0%	134

TABLE IX

Ratio Of Net General Bonded Debt To
Assessed Value And Net Bonded Debt Per Capita
Last Ten Fiscal Years

LEVY YEARS	POP-ULATION	ASSESSED VALUE	GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA	NET BONDED DEBT TO ASSESSED VALUE
1995-96	8,655	189,208,260	9,090,401	135,831	8,954,570	.0473 TO 1	1,034.61	4.73%
1996-97	9,433	193,086,098	8,820,830	30,644	8,790,186	.0455 TO 1	931.85	4.55%
1997-98	9,433	201,765,454	9,676,090	37,246	9,638,844	.0480 TO 1	1,021.82	4.80%
1998-99	9,433	213,577,011	8,198,509	49,006	8,149,503	.0382 TO 1	863.94	3.82%
1999-00	9,433	221,849,904	7,340,928	13,004	7,327,924	.0330 TO 1	776.84	3.30%
2000-01	9,237	224,305,127	6,738,348	21,234	6,717,114	.0300 TO 1	727.20	3.00%
2001-02	9,237	232,034,689	7,560,747	25,284	7,535,463	.0325 TO 1	815.79	3.25%
2002-03	9,237	221,110,280	8,745,000	29,236	8,715,764	.0394 TO 1	943.57	3.94%
2003-04	9,237	224,246,529	12,930,000	75,254	12,854,746	.0573 TO 1	1,391.66	5.73%
2004-05	9,237	228,654,034	9,055,000	29,650	9,025,350	.0395 TO 1	977.09	5.73%

TABLE X

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Fees and Interest	Total Debt Service	Total* General Expenditures	Ratio of Debt Service to Total General Expenditures
1995-96	240,000	156,187	396,187	3,613,583	10.96%
1996-97	225,000	141,695	366,695	4,260,508	8.61%
1997-98	450,000	446,615	896,615	4,793,526	18.70%
1998-99	1,480,000	511,184	1,991,184	5,123,198	38.87%
1999-00	860,000	434,398	1,294,398	6,089,975	21.25%
2000-01	605,000	388,288	993,288	5,749,914	17.27%
2001-02	675,000	328,248	1,003,248	6,570,244	15.27%
2002-03	510,000	301,494	811,494	7,409,995	10.95%
2003-04	865,000	437,940	1,302,940	7,672,537	16.98%
2004-05	3,795,000	424,440	4,219,440	10,571,930	39.91%

* General, Special Revenue, Debt Service Funds

CITY OF LE MARS, IOWA
TABLE XI
Computation of Direct and Overlapping Debt
June 30, 2005

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	City of Le Mars Share of Debt
City of Le Mars, Iowa	\$9,025,350	100.00%	\$9,025,350
Plymouth County	12,725,000	32.15%	4,091,088
Le Mars Community Schools	690,000	63.56%	438,564
	<u>\$22,440,350</u>		<u>\$13,555,002</u>

TABLE XII
Sewer Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue*	Operating Expenses**	Net Rev. Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995-96	1,073,674	582,582	491,092	170,000	67,457	237,457	2.07
1996-97	1,147,059	525,783	621,276	270,000	132,472	402,472	1.54
1997-98	1,262,889	535,920	726,969	275,000	139,038	414,038	1.76
1998-99	1,351,793	580,221	771,572	285,000	126,917	411,917	1.87
1999-00	1,553,425	719,678	833,747	300,000	113,970	413,970	2.01
2000-01	1,634,391	968,976	665,415	310,000	100,043	410,043	1.62
2001-02	1,993,988	911,840	1,082,148	325,000	85,413	410,413	2.64
2002-03	2,076,806	941,726	1,135,080	355,000	155,065	510,065	2.22
2003-04	2,057,948	961,828	1,096,120	380,000	166,408	546,408	2.01
2004-05	2,063,892	1,001,330	1,062,562	555,000	276,107	831,107	1.28

* Operating revenues including interest

** Operating Expenses Exclusive of Depreciation and Amortization

CITY OF LE MARS, IOWA
TABLE XIII
Golf Course Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue*	Operating Expenses**	Net Rev. Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995-96	215,828	137,642	78,186	10,000	13,150	23,150	3.38
1996-97	231,655	182,677	48,978	10,000	12,435	22,435	2.18
1997-98	260,453	174,308	86,145	10,000	11,711	21,711	3.97
1998-99	250,253	201,195	49,058	15,000	10,974	25,974	1.89
1999-00	289,796	193,409	96,387	125,000	9,857	134,857	0.71
2000-01	277,823	184,521	93,302	-	-	-	N/A
2001-02	279,466	218,601	60,865	-	-	-	N/A
2002-03	283,576	224,761	58,815	-	-	-	N/A
2003-04	274,051	224,347	49,704	-	-	-	N/A
2004-05	279,438	247,944	31,494	-	-	-	N/A

* Operating Revenues Including Interest

** Operating Expenses Exclusive of Depreciation and Amortization

TABLE XIV

Demographic Statistics
Last Ten Fiscal Years

FISCAL YEAR	POPULATION	PER CAPITA INCOME	SCHOOL (2) ENROLLMENT	UNEMPLOYMENT RATE (%) (3)
1995-96	(4) 8,655	N/A	2,302	2.7%
1996-97	(1) 9,433	N/A	2,275	2.3%
1997-98	(1) 9,433	N/A	2,311	2.6%
1998-99	(1) 9,433	N/A	2,327	1.9%
1999-00	(1) 9,433	N/A	2,278	2.0%
2000-01	(1) 9,237	N/A	2,315	2.2%
2001-02	(1) 9,237	N/A	2,339	3.2%
2002-03	(1) 9,237	N/A	2,353	3.7%
2003-04	(1) 9,237	N/A	2,357	3.9%
2004-05	(1) 9,237	N/A	2,332	3.9%

(1) BUREAU OF CENSUS
(2) LEMARS COMMUNITY SCHOOL DISTRICT
(3) JOB SERVICE OF IOWA
(4) STATE OF IOWA LIBRARY CENSUS
(N/A) NOT AVAILABLE

TABLE XV
Property Value Construction And Bank Deposits
Last Ten Fiscal Years

YEAR	(1) COMMERCIAL CONSTRUCTION		(1) RESIDENTIAL CONSTRUCTION		(1)(2) INSTITUTIONAL CONSTRUCTION		(3) BANK DEPOSITS
	UNITS	VALUE	UNITS	VALUE	UNITS	VALUE	
1995	11	2,247,285	49	2,407,700	3	671,000	136,828,000
1996	18	2,891,000	46	2,795,000	1	120,000	140,731,000
1997	14	6,421,327	56	3,333,000	3	665,000	198,540,000
1998	13	6,275,000	42	2,585,100	1	700,000	228,239,743
1999	11	6,313,071	39	4,506,200	1	239,000	255,507,783
2000	14	6,638,000	55	3,152,500	4	955,000	276,543,781
2001	13	2,236,600	38	2,449,200	4	872,500	297,678,757
2002	19	21,457,373	55	4,409,212	1	260,440	333,216,107
2003	13	2,315,267	47	4,139,021	4	1,234,678	355,625,852
2004	20	11,493,190	52	4,746,517	5	1,477,750	325,161,000
2005	17	24,019,659	62	8,070,068	1	269,000	342,505,000

(1) INCLUDES NEW CONSTRUCTION AND REMODELING (SOURCE: LOCAL BUILDING PERMITS ISSUED)

(2) SCHOOLS, CHURCHES, CITY FACILITIES (SOURCE: LOCAL BUILDING PERMITS ISSUED)

(3) COMBINED DEPOSITS IN FOUR BANKS (SOURCE: BANK MANAGEMENT)

CITY OF LE MARS, IOWA
TABLE XVI
Miscellaneous Statistics
June 30, 2005

Date of Incorporation	1881
Date City was Platted	1869
Form of Government	Mayor-Council
Population	9237
Term of Office:	
Mayor	2
Council Members	4
City Administrator	appointed by City Council
Number of Employees:	
Regular Full Time	57
Regular Part Time	7
Fire	25
Ambulance	14
Area in Square Miles	5.7
Miles of Streets	63
Percent of Streets Paved	99%
Number of Street Lights	752
Building Permits 2004-05	180
Total Building Permits Less	
Demolition and Moving	10
New Single and Multi-Family Dwellings	48
Municipal Water System:	
Number of Wells	6
Number of Fire Hydrants	540
Number of Customers	3,907
Storage Capacity (Gallons)	2,800,000
Average Daily Consumption (Gallons)	2,500,000
Peak Daily Consumption (Gallons)	4,800,000
Miles of Water Main	60
Sewer System:	
Miles of Sanitary Sewer	50
Miles of Storm Sewer	11
Number of Sanitary Sewer Customers	3,839
Average Daily Sewer Usage (Gallons)	1,746,500
Peak Load (Gallons)	2,950,000
Design Flow	4,256,000 @ 24,000 SUMMER / 18,000 WINTER
Number of Lift Stations	8
Number of Treatment Plants	1
Culture and Recreation:	
Number of Parks	14
Number of Libraries	1
Number of Volumes	41,855
Golf Courses	27
Swimming Pools	1
Tennis Courts	7
Campgrounds	1
Softball/Baseball fields	11
Theatre	1
Art Center	1
Recreation Building	1
Fire Stations	2
Police Stations	1
Airports	1
Convention Center	1

CITY OF LE MARS, IOWA
Schedule of Expenditures of Federal Awards (Cash Basis)
Year Ended June 30, 2005

	CFDA Number	Project/Contract Number	Program Disburse- ments
Indirect:			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Iowa Department of Economic Development:			
Home Investment Partnerships Program	14.239		\$ 12,795
DEPARTMENT OF TRANSPORTATION:			
Governor's Traffic Safety Bureau, Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 04-163, Task 43	844
State and Community Highway Safety	20.600	PAP 05-163, Task 42	3,340
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 05-157, Task 74	1,695
ENVIRONMENTAL PROTECTION AGENCY:			
Iowa Department of Natural Resources:			
Clean Water State Revolving Fund (Federal Portion)	66.458	CS19221401	<u>846,468</u>
Total Expenditures of Federal Awards			<u>\$ 865,142</u>

CITY OF LE MARS, IOWA

Schedule of Expenditures of Federal Awards (Cash Basis) – (Continued)
Year Ended June 30, 2005

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Le Mars and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - The City of Le Mars had the following loan balances outstanding from the Iowa State Revolving Fund, CFDA #66.468 and #66.458 at June 30, 2005.

	Total Of Loan <u>Outstanding</u>
Water Revenue, Series 2000	<u>\$ 971,000</u>
Water Revenue, Series 2003	<u>\$ 5,840,000</u>
Water Revenue, Series 2005	<u>\$ 598,000</u>
Sewer Revenue, Series 2004	<u>\$ 6,876,026</u>

CITY OF LE MARS, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part I: Summary of the Independent Auditors' Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses were identified during the audit of the financial statements.
- (c) The results of our test disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program: CFDA Number 66.458 – Clean Water State Revolving Fund.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Le Mars did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.
There were no prior year audit findings.

Reportable Conditions:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards

Instances of Non-Compliance:

No matters were noted.
There were no prior year audit findings.

Reportable Conditions:

No matters were noted.

CITY OF LE MARS, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-05 - Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- IV-B-05 - Certified Budget - Disbursements during the year ended June 30, 2005, exceeded the amounts budgeted in the debt service function.
- IV-C-05 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- IV-D-05 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-E-05 - Business Transactions - Business transactions between the City and City officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction/Description</u>	<u>Amount</u>	
Greg Smidt, City of Le Mars, Police Officer	Police car labor	\$250	*
Cris Collins, President of Gus Pech Manufacturing Co., Inc., spouse of employee	Maintenance, City Hall Remodel	\$1,098	*

*The transaction does not appear to represent a conflict of interest since the total transaction was less than \$1,500 during the year.

**This transaction may represent a conflict of interest and the City should contact legal council for determination.

- IV-F-05 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.
- IV-G-05 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- IV-H-05 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- IV-I-05 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

CITY OF LE MARS, IOWA
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2005

Finding – Year Ended June 30, 2004

II-A-04 - Grant Administration

Observation - The City does not have a system in place to monitor the various grants received by the City.

Recommendation - The City should assign an individual to be responsible for grant administration including internal accounting and external reporting to ensure both timely reimbursement and compliance with applicable laws, regulations, contracts, and grant agreements.

Current Status – The finding has been cleared at June 30, 2005.

**Report on Compliance with Requirements Applicable to the
Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133**

The Mayor and Members of the
City Council
Le Mars, Iowa

Compliance

We have audited the compliance of the City of Le Mars, Iowa (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The City's major federal program is identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in a material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on the major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company P.C.
Certified Public Accountants

September 23, 2005
Le Mars, Iowa

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council
City of Le Mars, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF LE MARS, IOWA as of and for the year ended June 30, 2005, which collectively comprise the City of Le Mars, Iowa's basic financial statements and have issued our report thereon dated September 23, 2005. We did not audit the financial statements of Floyd Valley Municipal Hospital (a discretely presented component unit) which statements reflect total assets of \$22,984,396 and operating revenues of \$17,479,688 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on these financial statements, insofar as it relates to the amounts included for Floyd Valley Municipal Hospital, was based solely on the report of other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

Internal Control over Financial Reporting:

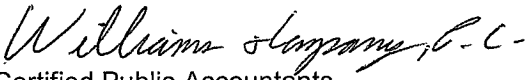
In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees

in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.


Certified Public Accountants

September 23, 2005
Le Mars, Iowa